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elixir of youth
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FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND JUNE 12/JUNE 13 1993

DE523A

MoD company built missile-test complex for Iraq

A defence company owned by the UK government built an Iraqi complex for testing missiles after ministers justified the contract during the Iran-Iraq war, the Scott Arms-for-Iraq inquiry heard. Classified documents read to the inquiry showed that ministers approved the contract, involving from the Foreign Office that the complex had a potentially lethal military use. Page 9

US inflation eases: Fears of a rise in short-term US interest rates eased after the Labour Department said the producer price index was unchanged last month and the annual rate of wholesale price inflation dropped to 2 per cent from 2.4 per cent in April. Page 26; Lex, Page 26

PM defends Japan's trading role

Japanese prime minister Kiichi Miyazawa rejected any further boost for the Japanese economy and defended his country's role in the global trading system. He cited International Monetary Fund figures to show that Japan imported as much per head as the US or the EC. Page 4

ICL, Japanese-owned UK computer company, is being investigated by the Ministry of Defence for suspected irregularities involving two contracts totalling £1m. Page 26

English China Clays, world's biggest producer of china clay, announced a £113.4m (£174.6m) rights issue, a \$307.5m US acquisition and the handing-off of its building materials business. Page 12; Lex, Page 26

Leyland Daf buy-out: Agreement was reached for a management buy-out of the Leyland Daf truck assembly plant in the north of England, which has a workforce of 700. Page 6

Iranians vote: Iranians voted in presidential elections with President Akbar Hashemi Rafsanjani widely expected to sweep back to power. Page 3

Nigeria election pledges: Nigeria's electoral commission insisted that today's presidential election would go ahead despite a court ruling that it should be postponed pending the hearing of a suit filed by a group seeking extended military rule. Page 3

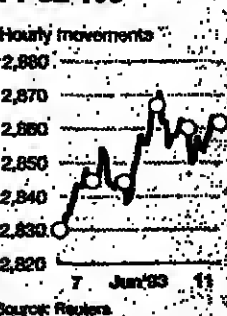
Juveniles face publicity: British newspapers and other media are to be allowed to identify escaped juveniles accused of serious offences, home secretary Michael Howard announced after several newspapers named a 16-year-old murder suspect who absconded from a hostel.

Blandford released: A UK High Court judge ordered the release of the Marquess of Blandford, who had served three days of a 112-day sentence for maintenance arrears. Mr Justice Johnson said he had acted in excess of his powers in imposing the sentence.

Sterling hit: Sterling fell by more than 2 pence against the D-Mark yesterday to close at DM2.475 in London after a newspaper claim that a member of the UK government was to be named in a scandal. Currencies, Page 16

Market pins hopes on base rates cut

FT-SE 100



Source: Reuters

This week has seen a recovery of 31.9 points in the FT-SE 100 index, fuelled largely by hopes that Chancellor Kenneth Clarke will sanction a cut in base rates in a speech to businessmen in London on Tuesday. The index closed last night at 2,861.8, up 1.8 on the day after moderate trading. London Stock Exchange, Page 17; Lex, Page 26

Chief price changes: The table of chief price changes for UK stocks can be found on the London stock market page, where it will appear in future Saturday editions of the FT. Reports on the world stock markets highlight yesterday's most significant individual share price movements. London stocks, Page 17; World stocks, page 22

STOCK MARKET INDICES		STERLING	
FT-SE 100	2861.8 (+1.8)	New York lunchtime	\$ 1.5205
Yield	4.03	London	\$ 1.5225 (1.5195)
FT-SE 100	1181.85 (+0.40)	DM	2.475 (2.4625)
FT-AE-Share	1414.77 (+0.07)	FFr	5.3225 (5.25)
Nikkei	20,500.05 (+7.03)	Sfr	2.21 (2.23)
New York lunchtime	2,861.8 (+1.8)	Y	161.75 (161.5)
Bank Jones Ind Ave	3482.75 (+1.02)	£ Index	79.3 (same)
Dow Jones Composite	448.30 (+1.12)		
US LUNCHTIME RATES		DOLLAR	
Federal Funds	2 1/4%	New York lunchtime	\$ 1.5205
3-mo Treas Bill: Yld	3.116%	DM	1.8235
Long Bond	10.05%	FFr	5.3225
Yield	8.05%	Sfr	2.21
LONDON MONEY		Y	161.75
3-mo Interbank	5 1/8%	£ Index	79.3
Life long gilt rate	Jan 1993		
(Same)			
NORTH SEA OIL (Argus)		London	1.5225 (1.534)
Brent 15-day (July)	\$17.725 (18.21)	FFr	5.3225 (5.35)
Y	14.485 (14.68)	Sfr	2.21 (2.23)
Gold		Y	161.75 (161.5)
New York Comex (Aug)	\$377.5 (371.8)	\$ Index	83.0 (84)
London	\$371.15 (369.23)		
Tokyo close	¥ 108.32		

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Worst figures since 1990 prompt fears of sharply worsening position Trade gap widens to £4.5bn

By Emma Tucker, Economics Staff

THE FIRST complete set of UK trade figures since the beginning of the year yesterday revealed the highest quarterly trade gap since 1990 and prompted fears that recession in continental Europe, combined with domestic recovery, would bring about a sharp deterioration in Britain's trade position.

The provisional figures showed that the visible trade gap widened to £4.5bn in the first quarter, compared with £4.35bn in the final quarter of 1992. The underlying deficit - which excludes oil

and erratic items - was also the biggest shortfall for three years at £5.2bn, compared with £4.88bn in the previous quarter.

The deficit on trade with other countries in the European Community, however, was not as large as expected. New figures compiled under Intrastat - a system for measuring EC trade flows in line with the single market - showed a deficit of £1.1bn in the first three months of the year, slightly lower than the £1.12bn of the previous three-month period.

In spite of the competitive edge given to British-made goods by sterling's devaluation last autumn, the growth of export volumes slowed considerably,

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reflecting the recession in other EC countries.

The Central Statistical Office said underlying export volumes rose by only 0.5 per cent quarter-on-quarter, while import volumes rose by 3 per cent. The CSO said the trade figures were more than usually likely to be revised, since Intrastat was taking some months to settle down.

Economists said the overall

deterioration in the trade deficit was limited by a sharp jump in the prices of exports, compared with a more modest rise for import prices. Export prices rose by 6 per cent quarter-on-quarter, against import price rises of 4 per cent.

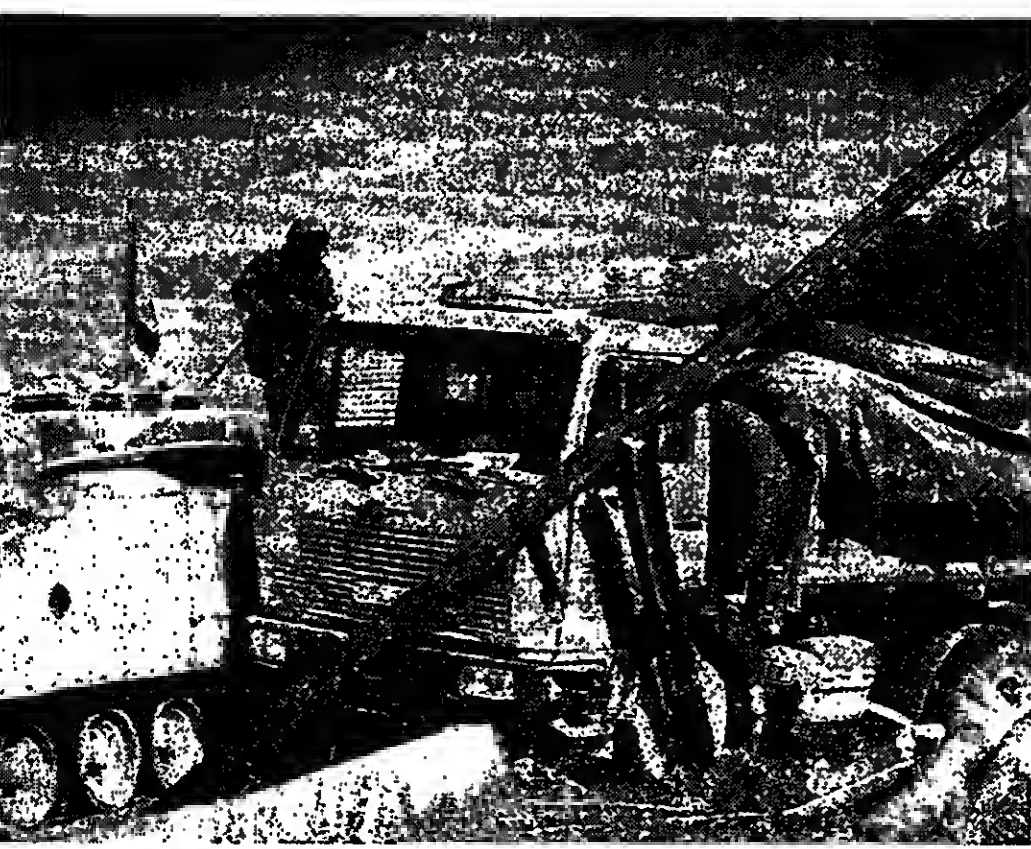
Mr Robert Lind of the Swiss bank UBS said: "The numbers are consistent with the view that the deficit will deteriorate as recovery gathers pace. They also cast doubt over the Treasury's optimistic view of net-trade volumes this year."

The value of total exports in the first quarter was a provisional £29.6bn, 7 per cent higher than in the previous quarter.

Import values totalled £34.1bn, also 7 per cent up on the previous three month period.

The Treasury pointed out that in spite of the slowdown in export volume growth, exports nevertheless reached record levels in the first quarter. It said: "UK businesses now have a great opportunity in markets both at home and abroad."

Mr Robin Cook, Labour's trade and industry spokesman, said the figures revealed "just how sickly" the economy was. "What is most worrying is that with the single market only three months old, our deficit with the EC was twice as bad as it was for the same period last year," he said.



A British UN soldier examines the body of the driver of a truck which was part of a Bosnian aid convoy. The driver was killed by Bosnian Croats at Vitez yesterday after refusing to let his truck be diverted, along with others, from the main part of the convoy. Report, Page 28; Patching a tattered policy, Page 2

Governor of Bank to leave with a peerage Pratt and Whitney joins GE to develop smaller jet engines

By Alison Smith

MR Robin Leigh-Pemberton, outgoing governor of the Bank of England, is one of four life peers created in today's Queen's Birthday Honours list. Another is Sir Ralf Dahrendorf, the academic and writer.

Mr Samuel Brittan, the Financial Times's principal economic commentator and an assistant editor, receives a knighthood for services to economic journalism. Mr David Buchan, head of the FT's Paris bureau, receives an OBE for services to journalism.

Today's list reflects a further stage of Mr John Major's incremental reform of the honours system to give greater recognition to voluntary and community service. It includes honours for those involved in humanitarian relief work in the former Yugoslavia.

Lieutenant Colonel Bob Stewart, who commanded British troops in Bosnia, was awarded a Distinguished Service Order. The greater emphasis on the wider contribution to the community was highlighted in some of the awards to those in business and commerce, as well as those for charitable services.

Among those receiving knight-hoods were Mr Robin Biggam, chairman of BICC, the cable and construction group; Mr Ronald Miller, chairman of Dawson International, the textile group and Mr Jim Birrell, chief

Continued on Page 26
Details, Page 13

By Paul Betts, Aerospace Correspondent, in Paris

THE TWO leading US aero-engine manufacturers, General Electric and Pratt and Whitney, are joining forces for the first time to challenge Rolls-Royce of the UK in the market for smaller jet engines to power regional and business jets.

GE and Pratt and Whitney announced yesterday at the Paris Air Show that they had agreed to work jointly with MTU, the German aero-engine company owned by Deutsche Aerospace, and Snecma, the French state-owned aero-engine group.

The four companies will develop a family of engines with a thrust range from 12,000lbs to 20,000lbs to compete against the joint engine company formed two years ago by Rolls-Royce and BMW, the German car group.

The two US companies, which have both restructured in the last 12 months and are the main competitors of Rolls-Royce, are additionally competing fiercely in the commercial and military engine markets.

The move reflects a growing trend towards partnerships in the hard-pressed aerospace industry and follows Boeing's decision to co-operate in joint studies with the partners in the European Airbus consortium on development of a super jumbo aircraft capable of carrying 600 to 800 passengers.

By teaming with the two European companies, the US manufacturers hope to reduce the lead Rolls-Royce and BMW have taken

in the development of smaller jet engines. BMW-Rolls Royce has already won orders for its new BR700 engine from Gulfstream and the Canadian Bombardier group. The engine is expected to enter service in 1996.

GE had been studying the development of a smaller jet engine with Snecma, the CFM56, based on the military engine Snecma has developed for the French Rafale fighter aircraft. GE and Snecma have a long and successful history of co-operation in commercial jet engines.

Pratt and Whitney, a subsidiary of United Technologies, already has a wide-ranging alliance with MTU, with which it has been studying joint development of a similar power plant, the RTF180.

However, the market lead held by BMW and Rolls-Royce prompted the companies to combine forces. As well as competing to power new regional jet and business aircraft, they see sales potential for engines to power a new European military transport aircraft.

"There was clearly no room for three competing engine programmes in this market - that's why the four companies decided to team up," said Mr Georges Sangis, Snecma's head of commercial engine programmes. He said the cost of developing the new engine family would total about \$700m (£450m).

BMW and Rolls-Royce originally sought to attract MTU and Snecma into an all-European engine partnership.

Stop squabbles, Major tells warring Tories

By Ralph Atkins in Llangollen and Philip Stephens and Alison Smith in London

MR JOHN MAJOR yesterday eoded a tumultuous week for the government by urging Conservatives to stop squabbling and to rebuild British voters' trust with a message based on ordinary people's aspirations - particularly on jobs.

As the Tory hierarchy tried, with partial success, to restore calm after Mr Norman Lamont's bitter resignation speech, the prime minister marked a further shift away from Thatcherism.

He told the Welsh Conservative party conference that Tories should "put aside the great designs and philosophies" and listen to the hopes of ordinary people "living in three-bedroom semi-detached houses". In the 1980s, he said, "we were just a touch too laissez-faire".

Mr Major buttressed his proclaimed commitment to enduring Tory party values - and to rebuff the former chancellor's complaints about short-termism - by stressing the importance of sound money and low inflation and hinting that he is keen to avoid tax rises.

Leaked papers propose £5bn social security cuts.....Page 9
Muck, brass and plain talking.....Page 10
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Britain, Mr Major said, would not become a high-tech, high investment economy "if we pile on taxes and pile on social costs." Public spending had to be cut, but some radical proposals would be discarded as unfair, he predicted.

Mr Kenneth Clarke, the chancellor, will next week reinforce the emphasis on public spending restraint by telling the cabinet that there can be no question of breaching the ceilings set for the next two years.

Despite bids running several billions of pounds above the figures agreed last autumn, Mr Clarke will seek a remit from the cabinet to seek a settlement this summer below the £233.6bn and £263.3bn cash ceilings for 1994-95 and 1995-96.

The political difficulties of achieving such a result were under-

Continued on Page 26

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Weekend FT

SECTION II

Weekend June 12/June 13 1993

The tale of the Red Fat Cat



Mr Zhao and his hair tonic factory... a story with an Alice-in-Wonderland quality typical of a country where fact and fantasy often are inter-twined. It took him six years to find the magic formula - but profits this year should exceed \$4.5m

BEIJING: We are driving across the city's vast, central Tiananmen square in Mr Zhao's Mercedes 260 SEL, with tinted windows and car telephone. Known widely throughout China as the "hair lotion king," he is in an expansive mood. "Call your friends anywhere in the world... call your mother, call your wife," he says, offering me the phone. I call my wife at home in Beijing to tell her I will be late for an appointment.

The ebullient Mr Zhao is reminiscing now as we pass on the right the Gate of Heavenly Peace, with its portrait of Mao, and on the left the Great Hall of the People, seat of China's parliament. Mr Zhao was elevated to parliament recently for his money-making abilities. "Getting selected for parliament only ever appeared in my dreams from time to time," he says, reflectively. "You know what they call me now? The Red Fat Cat."

Mr Zhao is perhaps the best-known member of China's newest class of entrepreneurs or *ge ji fu*. He has certainly become one of the richest since he began producing and marketing a hair-growth tonic that, he insists, has achieved spectacular results.

Not so long ago, Mr Zhao's entrepreneurial activities would have been scorned and his material success held as a black mark against him. Indeed, the word *ge ji fu* was not even in common use before paramount leader Deng Xiaoping began, late in the 1970s, to prise open China to the outside world and declared that "to get rich is glorious."

Since those first faltering steps towards a market economy with Chinese characteristics, millions like Mr Zhao have taken the entrepreneurial, if not capitalist, road. According to China's taxation bureau, 15.3m private businesses had sprouted by the end of 1992 and the total is expected to reach 30m by the year 2000.

Mr Zhao comes from a remote part of China that has itself become a symbol of rampant commercialism. It is in places like the small, damp, coastal city of Wenzhou, 300 kilometres south of Shanghai, that the quite awesome, almost manic, energies being applied to making money and getting ahead are seen best.

Wenzhou had no airport until recently and there is no railway, although one is being built. Roads are rutted and, in spite of a rash of new buildings, the place appears dilapidated: yet Wenzhou, population 1m, has far outstripped most of the nation in per capita income and other indices of improved living

standards. Local attitudes are Wenzhou's remarkably progressive to the innate liveliness of its dwellers - and to hard-up As Cai Yanqiong, head of the local economic commission, noted: "We have been forced to be like this. In the past, Wenzhou was very poor. To improve living standards, we had to do whatever was necessary." Doing whatever was necessary may well have involved bending official rules. Wenzhou, for instance, established its own "trust" banks - rather like building society co-operatives long before the authorities allowed much flexibility at all in the banking area.

Mr Zhao, a sprightly individual with a thick brush of dark hair, is a perfect example of a Wenzhou rags-to-riches story. Born in 1943 to a poor family that farmed medicinal herbs, he was destined to spend his life as a lowly-paid accountant in a production brigade. But that was

20 herbal ingredients, some gathered as far afield as Tibet and Mongolia, which work by warming the scalp and improving blood circulation.

Mr Zhao, whose hobbies include playing the lute and reading books on China's 5,000-year-old tradition of herbal cures, claims also to have developed an elixir that removes greyness from hair. Many Chinese, including members of the ageing leadership, will do almost anything to avoid going grey - to the extent of using unsightly dyes that produce an effect like boot black. If Mr Zhao has produced an oral medicine that makes hair dyes redundant, he should be onto another winner.

Mr Zhao is perplexed by apparent western resistance to herbal cures. "Outsiders don't understand Chinese medicine," he says. "People who understand appreciate it. Western medicine is based on analysis

and white-coated female attendants are clearing up for the day, but one "patient" remains to be seen. For a balding worker visiting Beijing from a provincial town, this is his lucky day. Mr Fan is about to be treated by the master.

Mr Zhao dons a white coat and begins massaging his Formula 101 into Mr Fan's scalp. A treatment costs about \$9 - equivalent to a week's wages for the average worker - but Mr Fan says this is a small price to pay. "I've been going bald for seven years and look older than I am," he says. "I heard that 101 was magical. Everybody's talking about beauty now beautifying life. People are paying more attention to appearance."

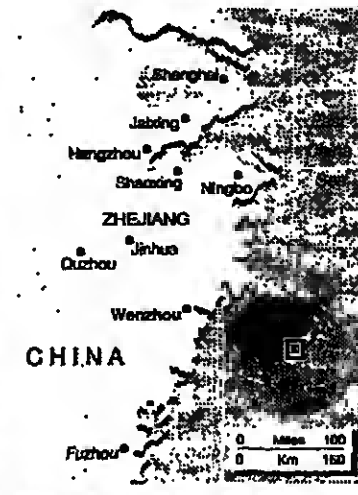
Mr Zhao, who employs 1,200 people at factories and clinics throughout China, exhibits no reserve about his good fortune although he is careful to credit China's communist leadership, past and present, with creating conditions for people like him to prosper. He reveals, for example, that long ago he repurchased the old family house in Wenzhou. And he announces, proudly, that he has built a 1,000 square metre mansion near his home town for his retirement. He keeps a penthouse flat in Beijing in one of the city's more exclusive addresses, and is planning to buy a newer Mercedes. "This car's quite old," he says, apologetically.

■ ■ ■
If Mr Zhao's story is remarkable, so also is the story of Qiaotou, a small town about an hour's drive inland from Wenzhou. There, entrepreneur traders and manufacturers have virtually cornered China's button market, and also are producing a fairly big percentage of the country's metal watch bands.

Tang Runrong, a local party official, describes Qiaotou (population 60,000) as the "paradise of a socialist market economy" with annual revenues of around \$35m. The per capita income works out at around four times the national average, although the many stern signs around the town warning against tax evasion suggest that material success has not made people any more willing to share their spoils with the state. "You won't find this small town on the map of China, but everybody has heard about us," he says, with satisfaction. Before the open-door policy, the town had one small inn and one restaurant; now, it boasts 60 restaurants and 60 hotels.

Just how Qiaotou achieved its great leap to prosperity is the stuff of legend. According to local lore, some impoverished peasant farmers were visiting Nanjing, on the

■ Continued on page VIII



He has amassed a fortune from hair growth lotion. Another man has cornered the action in watch straps. Both are typical of modern China's flourishing breed of entrepreneurs, says Tony Walker

and work in laboratories. Chinese medicine depends on practice and experimentation."

Some may describe Mr Zhao as a "quack" - a term that seems genuinely to hurt him. But he certainly is laughing all the way to the bank. He expects to produce about 3m containers of Formula 101 this year, 40 per cent of which will be exported. Profits should exceed \$4.5m.

Joint ventures with foreign businessmen are in the wind, and the American Food and Drug Administration is evaluating his product. FDA approval would add enormous value to Formula 101, which is being imported into the US as a cosmetic, not a drug. Not bad for someone who might have spent his life copying figures into a dusty ledger.

Mr Zhao's chauffeur-driven Mercedes pulls up outside an arched shop front on Beijing's busy Xidan street, one of its main shopping thoroughfares. It is one of his clinics

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The floral flock is back this summer, with a very '90s look

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The Long View / Barry Riley

Evidence of duplicity



SO NOW we know for sure what we have long suspected. Norman Lamont, while chancellor of the exchequer, was pursuing a policy of pegging sterling within the European exchange rate mechanism despite grave personal misgivings about what was one of his predecessor John Major's leftover policies.

While telling the country there was not a scintilla of doubt about the government's ERM commitment, he was privately urging the prime minister to suspend membership. He was also, like Nigel Lawson before him, secretly recommending that the Bank of England should be given independent responsibility for setting interest rates.

Where does all this evidence of duplicity and strategic disagreement leave the British government's credibility? There is, for instance, a commitment to hold inflation below 4 per cent, and a pledge to cut back the public sector borrowing requirement from its current year level of £50bn. It is not entirely clear whether these promises left over from his predecessor are worth the paper that Kenneth Clarke has not yet written them on. This week Clarke was breezily discussing the choice between raising taxation and cutting public spending (he will do neither, apparently) but the most important question is whether he will opt for the unspoken third option, to inflate his way out of trouble.

Yet, politicians must not be valued at

their own estimate of their decision-taking ability. The reassuring thought for those who rely on the British government's readiness to honour its debts in real terms is that, in a world of freely exchangeable currencies, the scope for deviant policies is limited. The decision in 1990 to enter the ERM at the wrong rate, for instance, could not be sustained for long. A dash for inflationary growth would, similarly, lead to a market breakdown quite quickly.

But what one government cannot do on its own, a number of countries might achieve collectively. This thought might be behind the recent nervous flutter in the gold bullion market and the surge of strength in the one leading currency - the Japanese yen - which is not burdened by the structural deficits which plague the dollar, the D-mark and the pound sterling, among others. The yen has appreciated by 54 per cent against sterling since last August.

Just as the ERM proved a disappointing answer to the UK's economic problems, it is pretty certain that central bank independence would be a blind alley, too. The idea is that the central bank would cancel out the feckless tendency of vote-catching politicians to inflate rather than to tax. Unfortunately, the division of responsibility can also lead to a protracted domestic economic war in which fiscal laxity is offset by excessive monetary tightness. This became apparent in the US early in the 1980s, leading to a large over-valuation of the dollar. The same problem has afflicted Germany.

It could easily happen in the UK, too, should the economic recovery pick up speed. It would be nice to think that British chancellors hanker after an independent Bank of England because they believe such an institution would improve economic governance in the UK. More likely, they see a chance to offload the blame for interest rate rises on somebody else. The idea seems to appeal more to chancellors than to prime ministers, who would bear over-

all responsibility for a policy mess.

The clash between bankers and spenders leads to high real interest rates, which cancel out the stimulus which budget deficits might otherwise provide. Meanwhile, finance ministries in many countries, especially the US and the UK, are badly missing that important lubricant, inflation. The largely unanticipated fall in inflation means that tax revenues are coming in under budget, aggravating the deficit problems. In depressed conditions, short-term interest rates can come down (except, so far, in Germany) but long-term rates cannot, because such a vast volume of debt has to be sold.

If the combination of debt deflation in the US and elsewhere and post-unification disruption in Germany continue to inhibit global economic recovery, it seems likely that a sharp fall in real interest rates must ensue, as part of the resolution of the crisis. How large a part inflation might play in that is, for investors at least, the crucial question. The first part of the political response is already becoming evident, as governments shrink from financing themselves with long-term debt: the US, for instance, has reduced the frequency of its 30-year bond auctions. There will be an increasing resort to short-term finance through the banking system. This will not prove to be inflationary so long as private sector credit demand remains depressed, but this tempting solution contains the seeds of trouble.

It is not a path the British government would be able to pursue on its own, but it will follow eagerly in the footsteps of the Americans. The Germans, meanwhile, will go their own way if they can, as they did in the inflationary 1970s when the D-mark appreciated by 114 per cent against the dollar and 130 per cent against sterling; but as the German economy spirals downwards, the pressure on the Bundesbank may become intolerable.

As Norman Lamont said ruefully this week, both the post-war Tory chancellors to have brought inflation below 2 per cent have been sacked. Clarke is unlikely to make the same mistake.

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MARKETS

London

Paying a high price for poor earnings

By Peter Martin, financial editor

I am delighted to hear from the Prime Minister that policy will not alter. Kenneth Clarke will understand if I say that he thus comes to the Treasury at a most favourable time. Much of the hard work has been done and he should be able to enjoy increasingly encouraging trends for a long time to come.

Norman Lamont
House of Commons

INVESTORS are hoping for Norman Lamont's farewell prediction to come true with as much fervour as they once clung to his promise of recovery ahead. Few disagree with his judgment that "the recession is now behind us", the fluttering hopes attach to his forecast of "increasingly encouraging trends".

If trends do not continue to improve, the current level of the stock market is hard to justify. A rash of brokers' circulars this Friday pointed out that the price/earnings ratio for the FT-SE 100 (the industrial and commercial

components of the All-Share Index) had risen to more than 19, above the level touched before the 1987 crash.

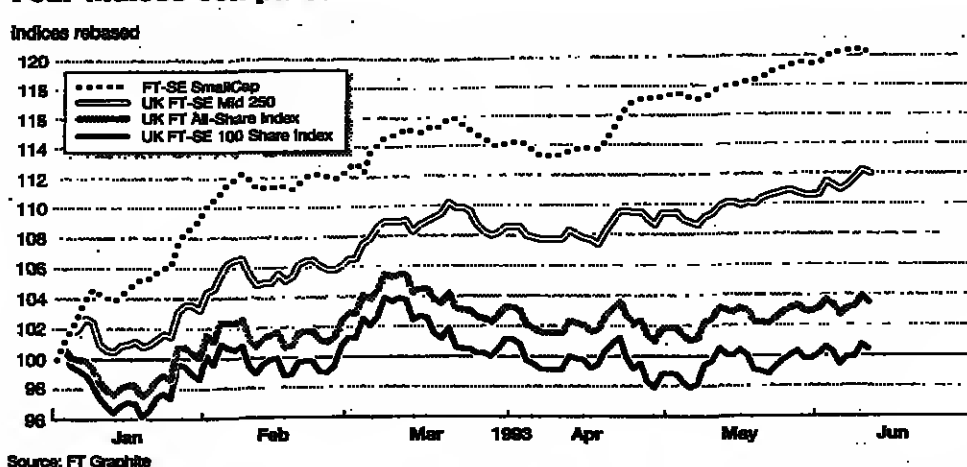
This rise is not due to any sudden spurt in the overall level of share prices - as the chart shows, the market as a whole, heavily influenced by the biggest companies, continues to move sideways. Rather, it is due to the impact on the "earnings" side of the p/e ratio of so many poor results over the past few months.

The market tended to treat them platonically because those results were not much worse than had been expected, and because they could be seen as exaggerated by the FRSS accounting standard.

But by absolute standards, they were very poor: S G Warburg's figures show reported earnings running nearly 12 per cent below the already depressed level of a year ago.

Historic figures, of course, are just that history. A more relevant number is the prospective p/e ratio. Here, there has not yet been any great

Four indices compared



drift upwards. The prospective figure for the calendar year 1993, calculated by the IBES service in New York based on the consensus earnings expectations of analysts around the world who follow London stocks, is 14.4.

That figure has remained almost unchanged since the FT first began reporting it every Monday earlier this year. Still, it is only a comfortable multiple if the profits growth that analysts expect indeed materialises, and if profits continue to grow in later years.

Neither of those is a racing certainty. In the short run, reported earnings could continue to deteriorate. Even when they bounce back, there may not be as much resilience in the bounce as the market - and Norman Lamont - would like to think.

One ominous sign was the results of Pilkington,

announced on Thursday. Pre-tax profits for the financial year just ended were down from \$96m to \$41m, on sales more or less unchanged at \$2.6bn. The dividend - cut a year ago for the first time since the company went public in 1970 - was cut again, by a third. There had been some encouraging signs, said Sir Antony Pilkington the group's chairman, especially the "amazing" impact of sterling's devaluation on UK competitiveness. But there was also "a dramatic collapse" in the German market, where the situation remains uncertain.

Pilkington is, perhaps, unusually unfortunate: its shareholders could be forgiven for wondering how they seem to have missed out on the German boom while catching the full force of the recession. Since BT's abortive bid for the company in 1987, Pilkington has underperformed the All-Share by 61 per cent.

But its woes are not all sui generis. Other British companies which struggled to raise their exposure to continental Europe during the single market euphoria are also suffering the consequences.

The market's worries about European growth are one important influence on the truly remarkable divergence of the lines shown in the chart. The big companies in the FT-SE 100 have gone nowhere for weeks, while the smaller companies in the Mid 250 and SmallCap - which derive a much greater proportion of their sales and profits from the UK domestic economy - have continued to race ahead.

The continued flow of rights issues from medium-sized companies has done little to dent

this sentiment. On Thursday, for example, Wimpac announced a one-for-four issue at a discount of 21 per cent, to raise £104m.

The company said it would be using the proceeds to buy land for housebuilding - the sort of statement that would have sent shareholders stampeding for the exit only nine months ago. This year, encouraged by the near tripling of the share price since September, investors were prepared to view the prospect with equanimity: the share price slipped only 3p on the day of the announcement, to 184p.

Also backing in shareholders' approval this week were the three companies that once formed part of Sir Ernest Harrison's empire: Racal, Vodafone and Chubb. All reported strong earnings, allowing Sir Ernest to wring-foot the critics who jeered at his promise to enrich shareholders by splitting up the company: the components of the old Racal have collectively outperformed the market by nearly 300 per cent since 1983.

Politics is harsher than business: Norman Lamont did not survive in office long enough to enjoy such revenge. How much he enjoys his time on the back benches will depend, in part, on whether he is right in believing that his policies will survive his departure. Kenneth Clarke's speech to the white-tie-and-tails ranks of the City on Tuesday will give the first detailed answer to that. Like the stock market, the new Chancellor perhaps has a nervous suspicion that the times are not quite as favourable as his predecessor makes out.

Serious Money

The brighter side of bank charges

By Philip Coggan, personal finance editor

IT NOW looks inevitable that banks will reintroduce charges for those customers who are in credit. Abbey National said this week that the move was likely within a few months.

The banks have been narrowly following a "you first" approach to the issue. Rather like the process of pre-Budget speculation about tax increases, the hope may be that repeated sifting of the prospect of change may diminish the protests when change actually occurs.

The industry seems to be edging towards a flat monthly fee plus additional charges for items such as stopped cheques. Chances are that the market will fragment, with some groups offering "free" banking to those who agree to keep high minimum balances.

Given the current low levels of interest rates, it may be worth keeping a high float to avoid the charges. If rates were to go back above 10 per cent, then it would be a tricky calculation as to whether the interest foregone on the float (if the same sum were kept in a savings account) outweighed the charges.

Every week, our highest rates for your money table, produced by Moneyfacts, gives details of high interest cheque accounts. The Chelsea Building Society, for example, pays 6.1 per cent on those willing to keep a minimum of £2,500 in their accounts.

Some of these accounts cannot be used for day-to-day dealing. For example, Fidelity's cash unit trust gives a cheque-book to those with more than £5,000, but cheques must be for a minimum of £250. So one strategy could be to pay for as much as possible by credit card, and then pay off the bill each month with a cheque out of a high interest account.

Charging tends to be a subject on which some people feel a sense of moral outrage, perhaps because of the perception

that banks are making their customers pay for their mistakes in other areas such as property lending. But banks, like any other business, will charge what they can get away with in the market.

The only solution for aggrieved bank account holders is to be as adept at shopping around as building society depositors. When Save & Prosper introduced a monthly charge on balances below £1,000, it found that 5,000 of the 6,000 customers affected closed their accounts.

Admittedly, it is more of a hassle switching bank accounts than it is moving your savings, given all those direct debits which have to be changed.

The best deals are likely to come from those institutions with the lowest costs, ie those which have not invested vast amounts of capital in a branch network. Inevitably there will be some depositors who find they need the convenience of their branch and who decide, however reluctantly, to put up with the charges.

For the rest, it may be time to recognise that there is no need to have an account with one of the big high street names. Other institutions may have a service which suits your needs better, or perhaps, as with First Direct, you may simply need to move to a different part of the same institution. There are dangers in moving to a less well-known institution - remember BCCI.

But bank charges may be the alarm call which investors need to alert them to the services they have been missing.

Investment trust groups are exploiting the sector's recently revived popularity to raise new funds. Three particular areas of investment have been attracting money: smaller companies, emerging markets and Japan.

Smaller companies are thought to be due for a revival after suffering from the recession; emerging markets, it is argued, have greater prospects for economic and corporate profit growth; and Japan has rebounded sharply from the lows it reached last year.

In the small company field, there are issues from CW Asset Management (a vehicle for Peter Webb, who used to run Thornton's smaller companies unit trust) and a second indexed fund from Hoare Govett. In emerging markets, following a spate of offers from existing trusts earlier in the year, John Govett is launching a fund. And both Dimeid and Perpetual are floating Japanese trusts.

There is a natural temptation for small investors to opt to buy shares in new trust issues. Perhaps this is because it is easier to pick out new trust than to choose from hundreds of existing funds. And it may be that managers do better if they start with a clean slate.

But there are drawbacks to new issue investment. The costs involved in a new issue often eat up 3 to 4 per cent of the launch capital, so that the investor is nearly always buying shares at a premium. Given that it is possible to buy shares in an existing trust, which have a published performance record, at a discount, a new issue is automatically "expensive".

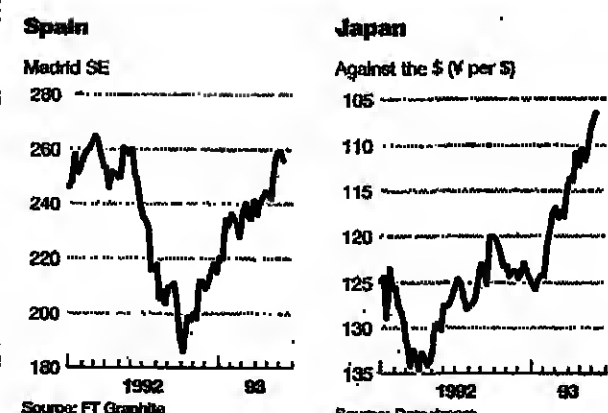
One strategy might be to wait for the trust to be launched and fall to a discount before buying. Of course, if every investor used this tactic, no new trusts would be created.

Most trusts launch new issue devices to try to get round the discount problem - warrants, a limited life or a split capital structure. Nevertheless, if you really want to invest in a particular area, it may be worth seeing if there are well-established trusts available at a discount before taking the plunge.

HIGHLIGHTS OF THE WEEK

	Price	Change	1993	1993	
	YTD	on week	High	Low	
FT-SE 100 Index	2861.8	+31.9	2957.3	2737.6	Interest rate hopes revive
FT-SE Mid 250 Index	3202.9	+27.8	3213.4	2876.3	Demand for second-line stocks
Amerstham Intl	785	+48	783	613	Profits up 27%/dividend up 8%
British Aerospace	410	+40	429	165	Orders/return to FT-SE 100
GEC	337 1/2	+16 1/2	338	264	Preliminaries due June 30
GUS A	1883	+65	1728	1563	Confidence over property interests
Jays	304	-135	500	304	Profits warning
MB-Caradon	274	-24	343	268	Brokers' downgradings
Mansfield Brewery	810	+35	810	655	Good results
Pilkington	128	-6	137	97 1/2	Dividend cut/European recession
PowerGen	379 1/2	+24	380	273	Prospect of above average div growth
Powerscreen	334	+15	376	305	Good results
Rolls-Royce	152 1/2	+12 1/2	153	99	Orders/British Aerospace sentiment
Shell Transport	620	+17	630	515	Strauss' "buy" note
Wellcome	718	-42	993	658	Criticism of Retrowin drug

AT A GLANCE



Yen continues sharp rise

The yen continued to rise sharply against the dollar this week defying repeated intervention from the Federal Reserve. It reached a high of ¥105.85 against the dollar to fall back a little by the end of the week. Underpinning the yen's strength has been a US Treasury Department report in May stating that a higher yen could help reverse Japan's huge trade surplus. It was thought that the US would be calling for a strong yen at the trade talks with Japan which began yesterday and at the summit next month of the Group of Seven.

Spanish elections depress peseta

The victory of the Socialists in the Spanish elections on June 6 prompted falls on the general share index after a period of gains. Investors had anticipated a conservative win and with that lower interest rates and a weaker peseta. The Socialist election victory reduced the prospect of interest rate cuts. The Spanish equity market has risen by 40 per cent since its six year low point in October 1992, following the first devaluation of the peseta.

Pru and Halifax launch mortgages

Long-term fixed rate mortgages were launched this week by Prudential, the life company. The rate of 6.99 per cent can be fixed for a period of 25 years (10.2 APR), 20 years (10.1 APR) or 15 years (9.9 APR). The fixed rates are portable and are available on repayment, endowment and pension mortgages. The arrangement fee is £250 but there is no compulsion to buy insurance-related products. There is an early redemption penalty of 12 months gross interest.

Halifax has issued a range of new fixed rates available on all types of mortgages, including a fixed rate for under 10 years (until January 31 2003) at 9.35 per cent (9.5 APR). The arrangement fee is £300, and there are early redemption penalties. The mortgages are portable after February 1994 and first time buyers have to buy insurance-related products.

BES to buy properties in Bristol

Capital Ventures this week launched the West of England Residential business expansion scheme. This will buy up accommodation for students of the University of the West of England, Bristol. Investors are given a contracted exit after five years of £1.19 for every £1 invested equivalent to a net annual return for higher rate taxpayers of 13.8 per cent and 9.29 per cent for a lower-rate taxpayer.

The university, formerly Bristol polytechnic, has undertaken to reacquire the properties and is cash-backed. The minimum investment is £2,000 and the issue is limited to £10m.

Where to find private client brokers

Those seeking a private client stockbroker can obtain a list from the Association of Private Client Investment Managers and Stockbrokers by writing to: APCIMS, 5th floor, 20 Dyer's Street, London EC2A 2BX. The list is also available to those calling 0891-335521, a line which is charged at 36p per minute, or 48p at other times.

Small companies index rises

Another good week for small company shares saw the Hoare Govett index (capital gains version) rise 0.7 per cent from 1449.71 to 1459.32 over the week to June 10.

Wall Street

Retail sales catch a bad case of anaemia

THE LOUD, wooching sound echoing around the canyons of Wall Street yesterday was thousands of dealers and investors exulting at the same time. They had been holding their collective breath all week, fearing that a strong producer prices index number on Friday would prompt the Federal Reserve into raising interest rates as a precautionary measure against inflation.

Low interest rates have sustained stock and bond markets - for two years, so any reversal in rates would represent an extremely unwelcome start to summer. Yet, when the PPI was published, those fears proved unfounded.

Wholesale prices did not budge during May and the "core" PPI, which excludes the volatile components of food and energy prices, rose only 0.2 per cent, no more than analysts had expected. The relief was palpable. Bond prices rallied and the Dow Jones index surged at the opening bell, rising 25 points in the first 30 minutes before dropping back later.

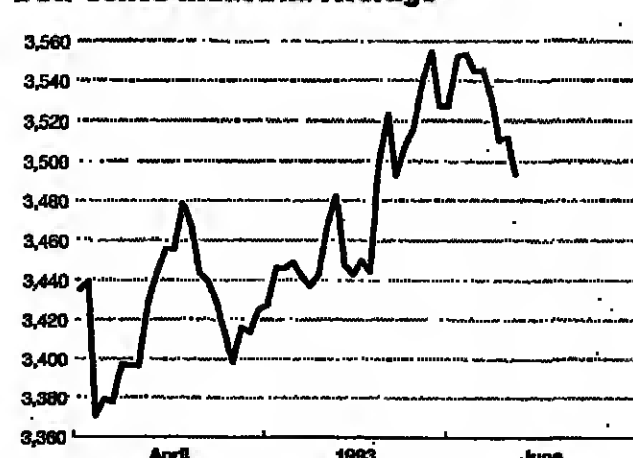
Analysts did not have to look far for an explanation for

May's flat inflation numbers. Also released yesterday were the May retail sales figures - and they were disappointingly weak. Sales rose only 0.1 per cent last month and were unchanged, excluding the car sales figures.

Although the April sales numbers were revised upward slightly, analysts were still surprised by the anaemic May data, which suggested that consumer demand remains subdued despite the fact that the economy is into its second year of recovery. What inflation, sales (and even the recent employment) figures point to is a low-growth, low-inflation economic recovery - exactly what the less excitable of Wall Street's economists have been forecasting for the better part of a year.

Dealers were not the only ones sweating over the inflation numbers. The White House this week kept up its pressure on the Fed not to make any hasty moves on monetary policy. On Wednesday, President Clinton met Alan Greenspan, the Fed chairman, to repeat the administration's view that the Budget deficit and the lack of eco-

Dow Jones Industrial Average



nomical growth, not inflation, are the central problems facing the country.

Just to make sure the Fed got the message, commerce secretary Ron Brown said yesterday that the May producer prices figures were "solid evidence that higher interest rates are unnecessary, given the current state of the economy."

While such comments were

shifted towards a possible tightening after worryingly strong inflation numbers were released, then it will come after the CPI surfaces.

This helps to explain why the stock markets' reaction to the positive PPI data was, ultimately, so restrained. After an initial burst, share prices fell back from their highs yesterday morning and by midday were languishing, with only mildly impressive gains.

The relatively disappointing performance of stocks at the end of the week was also a reflection of renewed concerns about the economic outlook - concerns that were heightened by an unexpected profits warning from Minnesota Mining & Manufacturing (3M), a Dow stock that is viewed widely as one of the best economic barometers in the market.

On Thursday, shares in 3M - an industrial conglomerate which makes products that range from recording tape and office supplies to medical products and chemicals - plunged 8.6 per cent after the company said second-quarter earnings would fall short of market expectations. It blamed the slowdown in the

economy. The sharp slide in 3M dragged down the Dow as well - the entire 20-point drop was attributable to 3M's decline.

Another market leader warning about its profits outlook this week was Apple Computer, one of the biggest stocks traded on the electronic Nasdaq market. On Wednesday, Apple said its earnings in the second half of this year would be less than those for the same stage of 1992.

Unlike 3M, however, Apple's sales are not struggling. The computer giant is suffering from the fierce price war among personal computer manufacturers, which is shrinking its profit margins.

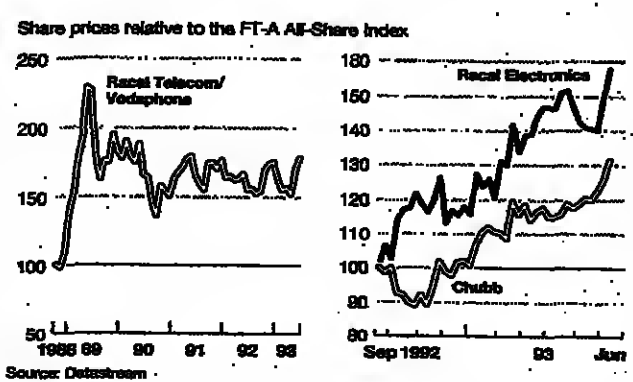
Price wars, of course, are usually the result of too many sellers chasing too few buyers. In other words, the weakness of consumer demand and the economy is hurting Apple, just as it is 3M.

Patrick Harverson

Monday	3522.13	- 13.01
Tuesday	3510.54	- 21.89
Wednesday	3511.93	+ 61.39
Thursday	3491.78	- 20.31

The Bottom Line

Why Sir Ernest can smile



Data communications produced margins of only 3.4 per cent on sales of £37m - including profits from high margin data network services. Irrespective of how competitive this market is - and like the personal computer market it is fiercely so - there is clearly scope for more improvement here.

Elsewhere, Racal, the computer-aided design business which increased losses last year, and should be turned around ready for disposal.

track. The UK government is about to award the Bowman communications contract for the British army, which would be profitable to Racal later this decade; and the group has won some exciting orders in its avionics division to put telephones in aircraft.

What is most encouraging for shareholders is that Racal has started to squeeze large quantities of cash out of what was a fairly relaxed organisation before demerger.

On balance, Racal may not be the best recovery story around but the management has a lot to play with.

Chubb Security's 64 per cent profits increase to £82m, has been a story of cost cutting and margin improvement - another reminder to shareholders how little the non-Vodafone businesses attracted management attention in the past. David Peacock, new chief exec-

utive, is setting that right and has stripped out working capital as well as enhancing margins. There is more room for margin improvement - although the easy bit has obviously been done.

Once the business has been licked back into shape, the secret will be whether the electronic security side of the business can be grown. As the company points out, rising crime should mean Chubb is selling into a growing market but its own sales have yet to demonstrate this growth.

Chubb has always been cash generative - in the Racal family it took over the role of banker to the group once Vodafone floated. But growing electronic security requires a heavy capital spend in the initial phase. At the moment Chubb appears to have a relatively modest capital expenditure.

If Sir Ernest is to fulfil the dream of making Chubb a Footsie company, investment may need to increase and the group may need to move further into the domestic market.

Richard Gourlay

FINANCE AND THE FAMILY

Dread disease: the insurance for critical cases

Bethan Hutton says that many people have never heard of this cover; yet, it can cushion family or firm from serious financial trouble

DREAD disease: the very name is enough to put off anyone squeamish. But although it has been available in Britain for several years, many people have not heard of dread disease insurance, even under its other, less Gothic-sounding name of critical illness insurance.

Basically, it is designed to pay a lump sum when one of a defined list of serious illnesses is diagnosed, chief among them heart attacks, strokes and cancer. While such problems are common, statistics show you are more likely to contract a critical illness than to die before retirement age. Watson's, the actuarial firm, says that a man aged 40 has a 1:12 chance of dying by the age of 60 - but a 1:10 chance of getting such an illness.

The concept of this insurance stems from the fact that the impact of serious illness on a family's finances can be worse than death.

Unlike life assurance, critical illness insurance pays out before death; the illness does not have to be terminal. And, unlike permanent health insurance, the amount paid out is



Making life easier... a patient is checked for serious illness.

not necessarily related to earnings or inability to work.

Recipients are free to spend the lump sum how they choose: for instance, on home nursing care, a holiday to re-

parate, to pay off the mortgage, or to make home alterations to take account of new disabilities. So far, the idea seems simple and useful. But confusion arises when you start to look

at the details of individual policies.

Some also provide a death benefit; some acquire a cash value; some cover illnesses that others do not; some allow

partial payments on diagnosis of certain less-serious conditions; some pay out when you become unable permanently to do your own job, while others say you must be incapable of doing any job. Most importantly, the definitions of the core illnesses can vary in small but crucial details.

The one disease excluded by all the policies is Aids. Indeed, the only claim any insurer will accept for an HIV-related illness (and only some will do this) is if it can be proved the virus was contracted from a blood transfusion in the UK while the policy was in force - something that is highly unlikely given the rigorous screening procedures now adopted. But haemophiliacs are excluded even from this.

Confusion over the level of cover provided by different insurers is one reason that many independent financial advisers have been reluctant to deal with critical illness insurance. So, in an attempt to clarify the sector, a working party from the National Federation of Independent Financial Advisers has produced a list of standard definitions for the main conditions covered.

While only a handful of

insurers - including Life Association of Scotland and Friends Provident - has agreed to adopt the list so far, others are considering it. At the least, the NFIFA is asking all insurers to make sure their definitions are as extensive as the list by autumn this year.

Countrywide, one of the largest networks of IFAs, has examined most of the 60-odd policies on offer to check their definitions of key dread diseases. It was looking for definitions that would give clients the best opportunity to make a valid claim, which meant that those worded vaguely or too narrowly were out.

Stuart Fikes, one of Countrywide's researchers, said they had discovered that seven conditions were most likely to attract claims. "Others are unlikely situations or marketing gimmicks. Policies should at least be competent in the core areas - after that it is just a bonus."

Countrywide found 16 companies with definitions it deemed acceptable: Allied Dunbar, Cannon Lincoln, Commercial Union, Eagle Star, General Accident, Guardian Royal Exchange, Liberty Life, London Life, Pegasus, PPP Lifetime, Prolific, Scottish Amicable, Skandia Life, Sun Life, Windsor Life and Zurich Life.

Medical jargon can also put off potential customers who want to know exactly what a policy will cover. Several companies, including Allied Dunbar and Life Association of Scotland, now provide a plain English guide - in readable type - explaining their definitions.

As critical illness cover remains a relatively recent addition to insurers' portfolios, new applications are still being invented for it, such as an add-on to endowment policies. It can also be taken out by businesses as a back-up to key-man life insurance. If a part-

ner, director or other key employee becomes seriously ill, the pay-out compensates the company for their loss or allows their share of the business to be bought out.

Adrian Kemp, an employee benefits consultant with Berry, Birch & Noble, sees critical illness cover as particularly relevant to the executive and key-man markets, but he also expects growth in the general sector. "I think it is going to be a developing market for the rest of the decade," he says. "We will see significant innovations - possibly more insurers entering the market, and that would be no bad thing."

David Thompson, a director at IFA Noble Lowndes in Bristol, adds: "The attraction of critical illness cover is that an individual might not want to work any more. If somebody is struck down by a heart attack through stress, the last thing they want to do is go back to work."

What you'll pay

THE MAIN conditions covered by all critical illness policies are heart attack, some types of heart surgery, cancer, stroke, kidney failure, paralysis, and major organ transplant.

Definitions can, however, vary widely and a large number of other conditions are covered by the different insurers.

The sum assured is usually backed by units in investment funds. Insurers often quote two levels of premiums. "Maximum" means that premiums and the sum assured are guaranteed for a set time limit, usually five or 10 years; after that, premiums can be expected to rise if the sum assured is not to fall.

With "standard" cover, the sum assured and premiums should remain steady for life if the funds involved achieve growth at the projected rate. But, if they do not, then any cash value built up might be

used to make up the shortfall, or the premiums may increase. Reviews normally take place every five or 10 years.

Because of the complexity of the subject, you should always discuss your needs with a financial adviser before making any decisions. The following is a selection, not an exhaustive list, of companies offering critical illness insurance.

The premiums quoted are for the most comprehensive standard cover for a male non-smoker aged 40 next birthday, including death benefit, with a sum assured of £100,000. But because levels of cover can be very different, the premiums may not be comparable directly.

■ Abbey Life has offered criti-

cal illness insurance since 1987. It says it will be moving to adopt the NFIFA's definitions at the first reasonable opportunity, but its own definitions are very similar. Standard cover is £126.35 a month.

■ Allied Dunbar's Lifestyle range of policies was re-launched in February. Before doing so, the company looked at the definitions on which NFIFA was working and says its own are at least as extensive. Premiums for Lifestyle Plus, the most comprehensive cover, are £126.48 a month.

■ Cannon Lincoln was, in 1986, the first to offer critical illness cover in the UK. Its Financial Foundations plan was launched last month to provide a range of options such as permanent disability,

long-term care and surgical cash benefit cover, which can be combined in any pattern. The fullest cover costs £122.85 on a standard premium basis.

■ Friends Provident has already adopted the NFIFA guidelines for critical illness options on mortgages. Stand-alone policies are under review and, when re-launched, the guidelines probably will be used. The premium for a stand-alone policy is £132.25 a month.

■ Life Association of Scotland recently re-launched its Vitality policy, with an expanded list of illnesses covered, and has adopted the NFIFA definitions. Standard cover costs £128.63 a month.

■ Pegasus' critical illness policies were re-launched in 1991

with changes, and additions have been made since then. Pegasus is planning to adopt at least the equivalent of the NFIFA standard definitions.

It offers two levels of cover - Priority, limited to the core illnesses, and Ultimate, including permanent disability etc.

The monthly premium for Priority is £108.36, and for Ultimate £127.05.

■ Prolific will be adopting standard definitions in its Self Assurance plan by the end of the year, and for critical illness cover on its mortgage plan by mid-July. It offers both personal and business policies. Personal cover costs £104.49 a month.

■ Skandia Life is about to adopt the NFIFA definitions, including applying them to existing policies, except where the existing definition is broader. Cover under the Lifetime plan costs £126.36 a month.

Directors' Transactions

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

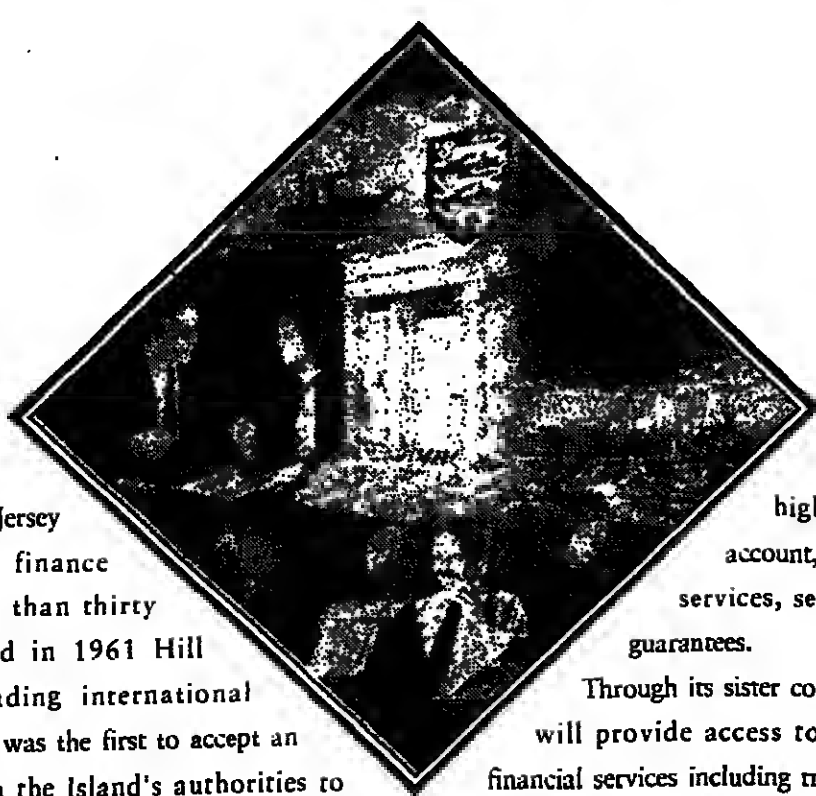
Company	Sector	Shares	Value	No of directors
SALES				
Berry Birch & Noble	InsB	35,377	67	2
Burns & McDonnell	Q&G	145,128	1,019	1
Claremont Garmants	Text	50,000	172	1
Cowie (T)	Motr	410,000	682	2
Dencora	Prop	50,000	70	1
F&C Pacific Whts	InTr	10,000	20	1
Hall Engineering	EngG	6,500	21	1
Int'l Food Machinery	EngG	130,000	88	2
Leeds Group	Text	15,000	72	1
Perpetual	Q&G	40,000	188	2
Tibbett & Britton	Tran	50,000	375	1
Unilever	FdmA	4,972	51	1
Vesper Thomeycroft	EngG	2,310	13	1
Walmoughs	Med	5,000	34	1
Walls Condon	InsB	10,000	10	1
World of Leather	Stor	600,000	360	2
Yorkshire Chemicals	Chem	100,000	385	1

PURCHASES				
Anticible Sm Enterpr.	InTr	10,000	10	1
Shedden Toys	Misc	6,000	14	1
Britannic Assurance	InsL	1,000	15	1
Fairway Group	Misc	30,000	21	1
Hammerson Prop A NV	Prop	22,000	75	1
Laird Group	Motr	6,000	17	1
Mercury Asset Man	Q&G	7,888	41	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options, of £100 or more subsequently sold, with a value over £10,000. Information released by the Stock Exchange 1-4 June 1993. Source: Directors Ltd, The Inside Track, Edinburgh

Colin Rogers, The Inside Track

Hill Samuel first in Jersey



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Investment	Commission	Discount	Percentage
UK Securities			
\$5,000	\$102	\$50	51%
\$15,000	\$217	\$70	67%
\$50,000	\$391	\$85	71%
US Securities			
\$5,000	\$176	\$88	50%
\$15,000	\$245	\$109	55%
\$50,000	\$367	\$143	61%

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FINANCE AND THE FAMILY

Taking the risk out of travelling

Bethan Hutton investigates holiday insurance policies and finds that not all are the same

PLOUGHING through the small print of travel insurance policies might be off-putting when planning a holiday, but it is not safe to assume that all policies are the same.

If your shiny new camcorder is stolen on its first outing abroad, you could find yourself with the option of claiming under three or four different policies. Travel insurance is the most obvious but there is also your home contents policy (if you have all-risks cover) and automatic, short-term cover if you bought the camera with a credit card. If it is stolen from your vehicle, you might also have a claim under your car insurance.

If, however, you decide on impulse to go scuba diving one day during your holiday, and are unlucky enough to injure your foot on a coral reef, you might not be covered at all. Most travel insurance covers theft of possessions, but it often excludes injuries received during activities considered dangerous, such as diving or mountain climbing, unless you have made special arrangements.

Before you can choose a travel policy, you need to know where you are going, what you will be doing there, what you will be taking with you, and for what you are insured already.

Unlike all-risks household insurance, travel insurance is unlikely to provide new-for-old cover for your possessions. There could be a relatively low limit for individual items, which could mean that your expensive watch (or even designer luggage) is best left at home.

Look through your existing (non-travel) policies to see what is covered. If, for example, your all-risks cover excludes the part of the world to which you are travelling, you need a travel policy giving adequate cover for everything you take.

Some insurers give a discount on their travel premiums if you opt out of baggage insurance because you feel your home contents policy provides enough all-risks cover for that.

FIRST HOLIDAYMAKER UP EVEREST CONSULTING HIS POLICY



ANNUAL TRAVEL INSURANCE POLICIES - WORLD-WIDE COVER

	Individual	Family\$	Trip limit	Skating	Age
Accident & General	£125	£170	90 days	17 days	70
Barclays	£97.50	£126	90 days	17 days	70
Columbus	£79	£131	90 days	extra premium	70
First Direct	£69	£99	90 days	no limit	65
Frizzell	£96.30	£321*	90 days	double premium	65
National & Provincial	£75	£250	90 days	17 days	65
National Westminster	£75	£212*	90 days	17 days	67
Thomas Cook	£115	£255†	60 days	17 days	no limit

* Family includes two adults and two children aged 2-16.

† No family policy available; premium quoted is individual policies for two adults and two children aged 2-16.

‡ Includes up to four children. Holder and spouse only. £195.

are covered by most but you might need to tell the insurer and confirm you are not travelling against medical advice.

Older people with a taste for adventure may have a hard time finding suitable holiday insurance. Plenty of policies for travel within Europe have no age limit, but premiums often double for people over 65 travelling to the US or else-

where. Thomas Cook, though, has no age limits on any policy: an 80-year-old pays the same as a two-year-old.

If you are planning a package holiday, it is worth investigating various types of travel insurance before booking. You could be pressed by the travel agent to accept the tour operator's own policy, which might not be the best for your cir-

cumstances. Do not sign up unless you are sure it is suitable.

Some people think they need only pay for their holiday by credit card to be covered fully. Unfortunately, it is not quite that simple. Free travel accident cover is provided by Barclays when its Visa, MasterCard or Premier clients pay for their holidays with the card -

but this applies only while they are travelling, not to accidents elsewhere. Possessions are covered only if they were bought with the card fewer than 100 days before.

Annual insurance policies, which cover you for unlimited numbers of trips lasting less than two or three months, have become more common - and more affordable - recently. If you go abroad more than once a year, they are definitely worth considering, particularly if you go skiing or travel with your family.

First Direct's (0345-100100) annual world-wide policy for two adults and two children costs £98, and covers unlimited skiing within the limit of 90 days a trip. Insurance for the same group for a two-week holiday in the US is likely to cost at least £80. If you do not intend to holiday outside Europe, Frizzell (0202-292333) offers a comprehensive annual policy for £48.15 per adult.

Terror attacks, or riots in a previously idyllic holiday spot, are every tourist's nightmare. If, say, you had been injured in the Florence car bombing last month, some insurers would have paid up. Some, though, exclude acts of terrorism so check the small print. Others may pay, but at their own discretion.

If a civil war or rioting breaks out in your destination before you leave home, call your insurer to check if your policy is still valid. If the foreign office advises against travelling to an area, this could be enough cause to cancel the holiday and make a claim.

If your idea of a good holiday is diving, mountaineering, white-water rafting or hungee jumping, you might need to contact one of the companies offering specialist activity holiday insurance.

Crispin Speers (071-490-5083), for instance, will cover activities such as hang-gliding and abseiling for a £10 extension to its standard policies. More dangerous activities will be considered individually.

Accident and General's (071-512-0022) ActivityGuard provides three levels of cover, depending on the degree of danger.

Action on home income victims

SIB admits warnings were tardy, says Scheherazade Daneshkhu

VICTIMS of home income plans who have not yet contacted the regulatory authorities are being urged to come forward and register their complaints.

The Securities and Investments Board (SIB), the chief regulatory body for the financial services industry, has drawn up a fact sheet which is available from its headquarters and from citizens advice bureaux.

This outlines the grounds on which victims may be entitled to compensation. SIB has also set up a help desk.*

Investment-linked home income schemes were devised late in the 1980s as a way for (mostly elderly) investors to unlock capital in their homes. The idea was to take out a mortgage and invest the proceeds in the hope of earning a return large enough to meet the repayments as well as providing extra income.

Many advisers backed the plans with single-premium investment bonds. When the value of these fell because of poor stock market performance, and interest rates rose, investors ran into financial difficulties which were compounded by the continuing slump in the housing market.

Many of the schemes were sold as "safe" investments, with people unaware of the risks. Investors spent the money they received in the belief that it was interest on their home's capital but, actually, they were consuming the capital itself.

So far, SIB has received 1,527 complaints, with a further 160 in the pipeline. A total of £23m has been paid to just over 1,900 investors, but many victims have been hit by the inconsistencies of the compensation system.

Those who were sold the policy by a member of Fimbra (the self-regulatory organisation for independent financial advisers), which then went into default, have

recourse under the Investors Compensation Scheme. This limits the maximum payout per claim to £48,000, and is not obliged to return people to the position in which they would have been had they not invested.

But those who dealt with a member of Lantoro (the SRO for the life industry) do not have a compensation ceiling, and Lantoro members in breach of the rules must ensure that clients are not worse off because of their investments. Lantoro members have paid £8m to 920 home income investors.

SIB does not expect many more claimants. Chairman Andrew Large says: "We believe the worst is now over but, before we can close this chapter, I want to be sure that all investors who have suffered in this way are identified and encouraged to take appropriate action."

Although SIB's move is welcome, its fact sheet - which also details the risks involved - is a little belated. SIB admitted this week that, with hindsight, the initial measures taken to deter the sale of these highly-risky plans may have been wrong.

The regulators first expressed concern about the way the plans were marketed in 1989, but it was not until 1990 that Fimbra and Lantoro wrote to their members reminding them of their duty to recommend only policies suitable for each customer's specific needs.

But the lack of public warnings meant that unauthorised firms were able to sell the products, with investors unaware of their dangers. A year later, the sale of investment-linked home income plans was, effectively, banned by both SROs.

"This has been a dreadful episode," says Large. "I want to ensure that everyone who has suffered... is appropriately compensated." *SIB Home Income Scheme Help Desk, Gouville House, 2-14 Bunhill Row, London EC1.



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FINANCE AND THE FAMILY

Doing the Splits

Timing – the key to success

Philip Coggan looks at a trust with sound investment performance and simple structure

FLEMING Income & Capital Investment Trust was launched in March 1992, just before the general election. The stock market was then fairly depressed by the prospect of a Labour victory, as a result, the launch raised £292m, much less than the £246m achieved by M&G Income (covered in this series last week).

But, in terms of investment performance, the issue has turned out to be reasonably well-timed. According to manager Tony Nutt, the trust was launched "sufficiently far through the recession that we had a better chance of spotting those companies which were going to cut their dividends."

FICIT has a relatively simple structure, by split capital trust standards. There are only two separate classes of shares: zero dividend preference and ordinary income.

This, says Nutt, should ensure no conflict of interest between the various classes of shareholders. At the launch date, the trust already had sufficient assets to repay the zero dividend preference shares. As a result, Nutt can concentrate on earning a good return for the ordinary income shares.

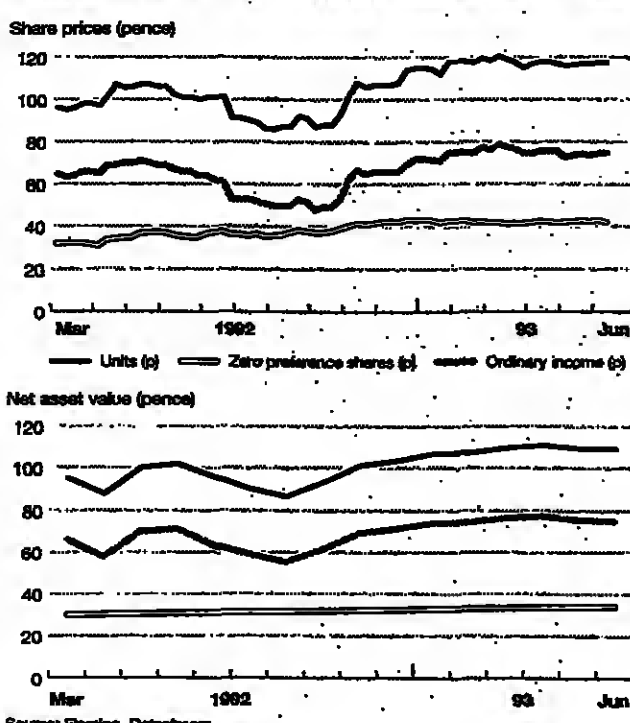
The zeros pay no income but have first claim on the assets of the trust. Their capital entitlement, 30p at launch, increases by 11 per cent per annum to reach 85.2p by the end of date in 2002.

Having been offered at 30p at launch, the zeros have jumped to 42p within 15 months, a gain of 40 per cent. However, the zeros were originally on offer only to institutions, so the bad news for private investors is that none will have enjoyed the full gain.

At the present price, Lewis Aaron, investment trust analyst at S.G. Warburg Securities, estimates that the zeros are trading on a gross redemption yield of 8.49 per cent.

"They are not the cheapest zeros in the world but they are correctly priced and they are very safe," says Aaron, noting that the trust has assets equal

Fleming Income & Capital Investment Trust



Source: Fleming, Datastream

to 128 per cent of the final redemption price.

The ordinary income shares are entitled to all the income of the trust and to the remaining assets once the zero shareholders have been repaid. At the Thursday share price of 74.5p, the shares had a gross yield of 8.1 per cent.

Although they carry the title "ordinary income," it would be a mistake to view them as the same type of investment as shares in a conventional trust, such as Foreign & Colonial. The existence of the zeros, rising remorselessly at 11 per cent per annum, means that the ordinary income shares are a geared investment.

The share price performance of the income shares rather than the zeros in the early months of the trust's life, reaching a low of 47p in October. The sale of a substantial institutional stake proved a drag on the price during this period.

But the stock market rally

which followed the pound's departure from the exchange rate mechanism helped the income shares to rebound past 70p by the year-end.

At a price of 74.5p, ordinary income shareholders have seen only a modest 6.5 per cent gain in price since the trust's launch. In part, this is because it has had to earn back the launch expenses of around 4 per cent. But they have also received a net dividend of 4.725p, taking the total return for personal equity plan investors past 15 per cent.

The net asset value of the ordinary income shares, at the present redemption value of the zeros, was 76.97p as of June 9. Allowing for the final redemption value of the zeros, however, the asset value was only 24.95p.

Warburg's Aaron estimates that the assets of the trust will have to grow at 5.2 per cent per annum for ordinary income shareholders to get back the

present share price. If both assets and dividends grow at 5 per cent per annum, then Aaron estimates investors will get a gross redemption yield of 9.78 per cent a year.

It was no coincidence that the trust was launched at the end of the tax year when investors' thoughts tend to turn to the need to use up their annual personal equity plan allowance.

At the time of the launch, an investment trust new issue was the only way investors could get a full £5,000 annual PEP allowance into a collective fund. Accordingly, nearly 56 per cent of the ordinary income shares are held in PEP form.

Such investors should note that the gross dividend could well fall this year because of the Budget changes which reduced the tax credit to PEP investors.

In addition, there are units, which comprise one zero and one ordinary income share. These effectively resemble shares in a conventional investment trust.

At the Thursday price of 117.5p, the units have a gross yield of 5 per cent. The assets per unit were 110.15p, putting the trust on a premium of around 6.7 per cent.

The breakdown of the portfolio by sector is: financial goods (23.6 per cent); utilities (19.2 per cent); consumer goods (19 per cent); other groups (18.1 per cent); oil and gas (11.4 per cent); and capital goods (8.7 per cent).

The portfolio yield is designed to be 30 per cent higher than that prevailing on the FT-A All-Share Index. Accordingly, the present yield is 5.4 per cent, boosted by the trust's 11.9 per cent holding in convertible bonds and convertible preference shares.

The 10 largest stocks in the portfolio at March 31 were: British Telecommunications, Commercial Union, South West Water, National Westminster Bank, British Gas, BOC, LASHCO, Tomkins, Blue Circle and Shell.

Nutt says the trust moved

heavily into utilities following the launch and, later in the year, bought financial stocks, which tend to be beneficiaries in the early stages of the economic cycle.

He adds that the trust will now look to move into stocks which have already cut their dividends to a point which gives scope for future growth.

Warburg's Aaron says that the trust has, thus far, been one of the successes of the split capital sector because of a decent investment performance since launch and a less risky structure.

■ Key facts
The total assets of FICIT were £101.3m, as of June 9. The trust is due to be wound up in March 2002. The annual management fee is 0.7 per cent of net assets per annum.

■ Board
The chairman is Charles Nutt, also chairman of the Investment Management Regulatory Organisation.

Other directors are: John Emly, a director of Fleming Investment Management; Ernest Fenton, director-general of the Association of Investment Trust Companies; Alan Haddon, director of Capel-Cure Myers Capital Management; and Antony Hitchens, chairman of MB-Carndon.

■ Savings scheme
The personal equity plan is available only on the ordinary income shares and on the units.

The minimum monthly investment is £100 and the minimum lump sum is £1,000. The initial charge is 1.5 per cent plus VAT, and there is also a dealing charge of 1 per cent. The annual management charge is 0.7 per cent.

The savings scheme has a minimum monthly contribution of £40. The minimum lump sum is £400 initially and £100 for subsequent investments. There is a transaction charge of 1 per cent.

Diary of a Private Investor

The need for facts

AS A PRIVATE investor, I find it very easy to miss some of the warning signals which an institutional investor can notice much more readily. Take 'Tovey & Company', in which I had a small shareholding for a number of years.

It gave shareholders a useful 15 per cent discount on jewellery and other items at its retail outlets. I thought the company had a profitable niche activity: the manufacture and sale of civil and military regalia. I also believed it had takeover potential.

At 4.37 pm on Friday, April 30, however – the day before the bank holiday weekend – the stock exchange received and released details of Tovey's dreadful figures for the year ended December 31 1992. Institutional investors could see this information on their monitor screens but the poor private investor had to rely on the press or direct contact from the company.

But the timing of Tovey's release meant it was not picked up by the press. And Tovey, like most companies in a similar situation, did not send a circular to its shareholders. Instead, it waited until its annual report had been printed and sent them that. Thus, the first many of them knew of Tovey's £1,051,438 loss (compared with a profit the previous year of £203,401) was when the report dropped through their letter boxes on June 2. By then, Tovey's shares had fallen from 130p on April 30 to 100p.

Tovey's interim report, published on October 30, had revealed half-year losses of £699,718. The chairman's statement pointed out some of the problems the company faced, outlined the action it was taking and said: "The company expects to curtail the losses by the end of the second half-year." So, investors knew they might face a bumpy ride, and the shares fell from 190p in late October to 165p in January. By the end of March, though, the price had dropped to 145p, and by April 22 it was 140p. The next day, it plunged by another 10p. Which led me to wonder...

Last year, Tovey announced its full-year results on April 24. At the time, this year's results were expected to be a disappointment. The company for the date of its announcement. And did that someone sell out after discov-

ering the results were to be announced on the day before the bank holiday weekend – and drawing the conclusion they would be bad?

In April, I had overlooked that Tovey's results were due. It was mid-May before I remembered, and when I phoned one of my stockbrokers to ask what had happened, I was surprised to be told the results had been released already. As soon as I got the details, I sold most of my shares, achieving 128p for my modest holding.

Tovey is a small company and its share dealings take place via SEATS: the Stock Exchange Alternative Trading Service. Dealing spreads can therefore be sizeable.

Shareholders are being sold short, says Kevin Goldstein-Jackson

I am determined not to be caught out again and have written down the dates of expected interim and final announcements for companies in which I have shares. But I feel also that the authorities should insist that when companies announce bad news to the stock exchange, they should at the same time mail details to all shareholders by first-class post. Just a photocopy of the statement to the exchange would suffice.

Another warning sign I should have noticed about Tovey was its change in directors. In the 1990 report, this stated simply: "The manufacturing and sale of civil and military regalia."

In 1991, this changed to: "The group operates in one principal area of activity, that of 'regalia'." Such "PR-speak" should have alerted me to the dangers ahead. Tovey's activities had not changed – just the way they were described. Looking back over the years, there are several other warning signs that have alerted me to potential problems with various companies. A move to push new headquarters, or the chief executive's involvement with various government quangos, can sometimes indicate problems ahead.

So, too, can the sudden appointment of members of the "great and the good" to the board. Why does the company need window-dressing?

Another good indicator is looking at the announcements of directors' share dealings. Heavy share sales by them can, quite often, presage a slump in a company's share price.

Every Saturday, the *Weekend FT* has a column of Directors' Transactions produced by Directus Ltd (1 Rothsey Terrace, Edinburgh EH3 7UP). It can also provide private investors with a more detailed weekly and monthly services.

Another service is Press Watch, which summarises the coverage given to major companies in the UK's national newspapers. Each company has points awarded (or taken away) depending on how much praise or criticism they get.

This annual publication costs £350 and is obtainable from Press Watch, Bridge House, 128a High Street, Whitton TW2 7LL. The company also publishes a quarterly guide at £425 a year.

Theoretically, if a company receives a bad press its shares ought to go down; this can be used as an indicator of when to sell. A good press should, at least in the short term, make the shares perk up – but this does not necessarily mean a company will perform well. It could be that it simply has skilled PR professionals, or perhaps no one has taken too close a look at it.

There are other sources of information, although many are so costly that only institutions can afford them. It is, therefore, crucial that companies recognise they have a duty to all their shareholders and distribute corporate information as widely and rapidly as possible.

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	Asset 30	£21	5.25	-	£25	4.85% 2.57% 4.65% 40
	Asset 10	£21	4.25	-	£25	4.85% 2.57% 4.65% 40
	Asset 0	£21	3.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -10	£21	2.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -20	£21	1.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -30	£21	0.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -40	£21	-0.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -50	£21	-1.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -60	£21	-2.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -70	£21	-3.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -80	£21	-4.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -90	£21	-5.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -100	£21	-6.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -110	£21	-7.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -120	£21	-8.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -130	£21	-9.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -140	£21	-10.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -150	£21	-11.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -160	£21	-12.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -170	£21	-13.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -180	£21	-14.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -190	£21	-15.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -200	£21	-16.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -210	£21	-17.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -220	£21	-18.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -230	£21	-19.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -240	£21	-20.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -250	£21	-21.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -260	£21	-22.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -270	£21	-23.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -280	£21	-24.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -290	£21	-25.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -300	£21	-26.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -310	£21	-27.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -320	£21	-28.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -330	£21	-29.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -340	£21	-30.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -350	£21	-31.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -360	£21	-32.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -370	£21	-33.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -380	£21	-34.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -390	£21	-35.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -400	£21	-36.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -410	£21	-37.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -420	£21	-38.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -430	£21	-39.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -440	£21	-40.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -450	£21	-41.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -460	£21	-42.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -470	£21	-43.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -480	£21	-44.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -490	£21	-45.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -500	£21	-46.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -510	£21	-47.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -520	£21	-48.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -530	£21	-49.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -540	£21	-50.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -550	£21	-51.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -560	£21	-52.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -570	£21	-53.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -580	£21	-54.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -590	£21	-55.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -600	£21	-56.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -610	£21	-57.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -620	£21	-58.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -630	£21	-59.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -640	£21	-60.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -650	£21	-61.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -660	£21	-62.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -670	£21	-63.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -680	£21	-64.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -690	£21	-65.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -700	£21	-66.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -710	£21	-67.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -720	£21	-68.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -730	£21	-69.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -740	£21	-70.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -750	£21	-71.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -760	£21	-72.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -770	£21	-73.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -780	£21	-74.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -790	£21	-75.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -800	£21	-76.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -810	£21	-77.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -820	£21	-78.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -830	£21	-79.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -840	£21	-80.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -850	£21	-81.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -860	£21	-82.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -870	£21	-83.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -880	£21	-84.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -890	£21	-85.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -900	£21	-86.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -910	£21	-87.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -920	£21	-88.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -930	£21	-89.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -940	£21	-90.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -950	£21	-91.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -960	£21	-92.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -970	£21	-93.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -980	£21	-94.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -990	£21	-95.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1000	£21	-96.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1010	£21	-97.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1020	£21	-98.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1030	£21	-99.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1040	£21	-100.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1050	£21	-101.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1060	£21	-102.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1070	£21	-103.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1080	£21	-104.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1090	£21	-105.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1100	£21	-106.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1110	£21	-107.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1120	£21	-108.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1130	£21	-109.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1140	£21	-110.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1150	£21	-111.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1160	£21	-112.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1170	£21	-113.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1180	£21	-114.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1190	£21	-115.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1200	£21	-116.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1210	£21	-117.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1220	£21	-118.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1230	£21	-119.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1240	£21	-120.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1250	£21	-121.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1260	£21	-122.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1270	£21	-123.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1280	£21	-124.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1290	£21	-125.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1300	£21	-126.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1310	£21	-127.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1320	£21	-128.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1330	£21	-129.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1340	£21	-130.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1350	£21	-131.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1360	£21	-132.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1370	£21	-133.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1380	£21	-134.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1390	£21	-135.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1400	£21	-136.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1410	£21	-137.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1420	£21	-138.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1430	£21	-139.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1440	£21	-140.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1450	£21	-141.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1460	£21	-142.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1470	£21	-143.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1480	£21	-144.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1490	£21	-145.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1500	£21	-146.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1510	£21	-147.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1520	£21	-148.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1530	£21	-149.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1540	£21	-150.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1550	£21	-151.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1560	£21	-152.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1570	£21	-153.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1580	£21	-154.25	-	£25	4.85% 2.57% 4.65% 40
	Asset -1590	£21	-155.25	-	£25	4.85% 2.57% 4.65% 40
	Asset					

FINANCE AND THE FAMILY

Women still suffering pension discrimination

Deborah Harrison on how part-timers and the low-paid are penalised

INDIRECT discrimination by company pension schemes against women employees continues unabated in the UK, in spite of the general drive towards equal pensions for all. One particular practice, known as "integration," effectively bars many thousands of women from access to occupational scheme benefits.

Integration, in this context, involves an occupational pension scheme which only makes payments after allowing for a notional level of state benefit. Those women who suffer from the practice tend to be low earners who are not entitled to a full state pension.

In 1990, the European Court of Justice ruled on a case where a German company excluded part-timers from its scheme. Since most of them were female, the court stated that the company had discriminated indirectly against women.

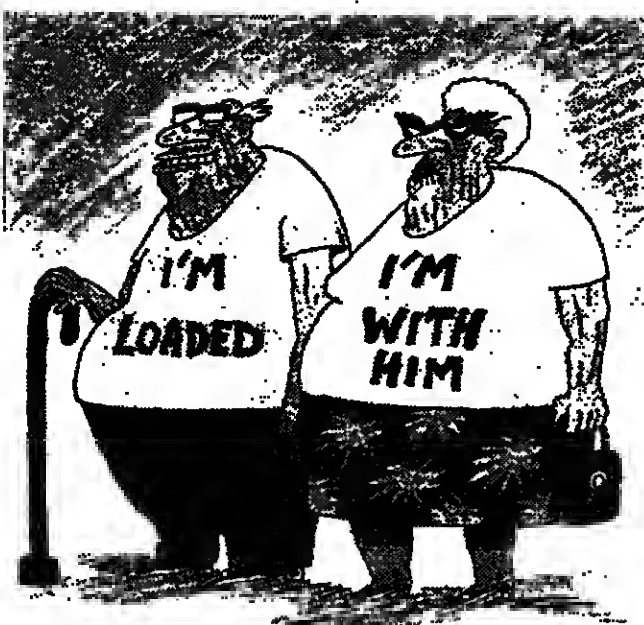
About half the final salary schemes in the UK are integrated. Final salary schemes calculate the individual's pension as a proportion of salary at retirement. Typically, where a scheme is integrated, the value of the state pension or the lower earnings limit for national insurance - both worth about £3,000 - is deducted from the employee's final salary before the occupational pension is calculated.

In effect, this means where a single integration factor is used, employees would not receive any occupational pension for the first £3,000 of their final salary.

According to the National Association of Pension Funds (NAPF), about one-fifth of schemes apply a high integration factor where one and half times - or even twice - the value of the state pension is deducted before the company pension is calculated. In the latter situation, an employee would receive no company pension for the first £6,000 of his or her final salary.

Tina Norris, manager of pensions research at actuary and consultant Noble Lowndes, says: "This obviously works against low earners and the problem particularly affects women, especially part-timers. In this respect, integration could be regarded as a form of indirect discrimination."

Trade unions have been active in trying to abolish integration. Paul Moloney, pensions officer at the General,



Municipal and Boilermakers Union explains: "We feel integration is indirectly discriminatory, particularly where it is not applied on a pro rata basis. Where a high integration factor is used, this means that although, in theory, part-time employees are allowed to join the scheme, in practice there is no point."

Employers who use integration argue that their aim is to provide an overall level of retirement income, and that it makes sense to take into account what the state pays already. They also argue that it can be possible to "over-provide" where integration is not used. This means that the low-paid scheme member ends up with a combined state and occupational pension higher than his or her final salary.

But Paul Greenwood, head of actuarial research at employee benefits consultant William M. Mercer, says cases of over-provision have become increasingly rare since the reduction in the real value of state pensions since 1979 when the government linked annual increases to prices rather than wages inflation.

Moreover, where employees' earnings fall below the lower earnings limit for National Insurance contributions, they will not build up a right to a state pension because, due to family commitments, they have long periods out of employment.

Around 500,000 women con-

tinue to pay the reduced rate of National Insurance contribution - known as the married woman's stamp - which does not build up a right to the state pension.

Where a woman is not entitled to a state pension in her own name, she can claim a smaller pension based on her husband's entitlement, although even this is vulnerable if she changes her marital status.

In spite of the German case, UK law on indirect discrimination is unclear. All forms would have been outlawed under a provision of the Social Security Act 1989 which was due to come into effect in January this year. However this was dropped by the department of social security, which preferred to wait for an equal pensions case involving the Coleroll company to go to the European Court.

The court gave an "opinion" on this at the end of April, with the final judgment expected later this year. While the opinion cleared up confusion about the date from which equal occupational pensions for men and women must be implemented, it did not refer specifically to the issue of indirect discrimination.

But Mark Grant, a solicitor with McKenna & Co. which is acting for the company, says: "The guiding principle behind Coleroll is that all elements of sex discrimination are outlawed. The problem is that the law on sex discrimination in occupational pensions schemes

in the UK has developed piecemeal. What we need now is a Coleroll Act or Pensions Act that will clarify the position on all aspects of direct and indirect discrimination."

Meanwhile, employees should check with the pension scheme manager or trustees to see if their scheme is integrated. Fortunately, employee contributions are based only on pensionable pay - that is, the portion of salary above the integration level. Bear in mind that integration relates only to the basic state pension and has nothing to do with the State earnings-related pension scheme (Serps).

When you come to assess the impact of integration on your pension, pensions consultant Alan Pickering stresses: "It is vital to see the problem in context."

Pickering, of employee benefits consultant R Watson & Sons, adds: "Different pension schemes build up at different rates and it may be that, if your scheme has a high accrual rate, this will compensate - at least in part - for the integration factor."

The recession has accelerated the impact of integration. Pickering says: "The problem is particularly acute for the growing number of employees who are forced to retire early as part of a redundancy programme. These people face a double blow."

"First, even if their occupational pension is not 'actuarially reduced' because of early-leaver provisions, it is based on a much shorter employment period and, therefore, will be considerably less than the pension available at the normal retirement date."

"But, in addition, where integration applies, the reduction to take account of the state pension kicks in immediately, even though it may be some years before the individual actually starts to draw the pension at age-60 for women and age-65 for men."

If, due to integration, you expect to get very little from your company pension, it could be worth considering a personal pension. Due, however, to the high level of charges on most life office plans, these arrangements tend to represent poor value to low earners making small contributions, so it is important to seek expert advice.

Watchdogs under fire

THE NATIONAL Consumer Council this week published a report highlighting shortcomings in two ombudsmen schemes designed to help consumers resolve disputes without resorting to legal action.

The report was based on a sample of nearly 1,000 consumers who had used the insurance ombudsman bureau and the office of the building societies' ombudsman. About half questioned the independence of the schemes, although their opinion was influenced largely by whether they had won their cases.

Some 70 per cent of those who lost under the building societies scheme believed it was unfair but 81 per cent of those who won disagreed. Nevertheless, between 28-31 per cent of those who lost under both schemes still thought them fair. About 43 per cent of those complaining to the building societies' office found it took an "unreasonably long time to make a decision" and 20 per cent of those using the insurance ombudsman agreed.

Complainants must go through the internal complaints system of the building society or insurance company before approaching the ombudsmen but half those surveyed said they found this "a complete waste of time."

The average time taken for disputes to be settled - including that taken by internal complaints procedures - was 52 weeks in the case of the insurance ombudsman and 91 weeks for the building societies' arbiter.

The NCC suggests the ombudsmen should be given greater powers to speed up and set minimum standards for the internal complaints procedures of member companies. It also recommends establishing an independent organisation to oversee all ombudsmen schemes.

In general, though, those surveyed thought the schemes were approachable and cheap.

Scheherazade Daneshkhu



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INSTANT ACCESS A/c's					
Co-operative Bank	Pathfinder 0345 252000	Instant	£100	5.84% A	My
Birmingham Midshires BS	0902 302090	Postal	£500	6.75% A	Yy
Britannia BS	0638 398115	Postal	£10,000	7.05% A	Yy
Coventry BS	0263 252277	Instant	£25,000	6.10% A	Yy

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
NOTICE A/c's and BONDS					
Bradford & Bingley BS	Direct Notice 0345 247247	30 Day	£1,000	7.00% A	Yy
Northern Rock BS	Postal 30 0900 505000	30 Day	£2,500	7.30% A	Yy
Chelsea BS	Premier VII 0800 272505	30.9.95	£10,000	8.00% A	Yy
Chorley & District BS	Asley Sharn 0257 279373	6 Mth	£75,000	8.55% A	Yy

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
MONTHLY INTEREST					
Coventry BS	Extra Interest 0263 252277	Instant	£1,000	7.35% B	My
Britannia BS	0800 654456	Postal	£5,000	6.55% B	My
Yorkshire BS	First Class Retn 0800 378596	Postal	£25,000	7.15% A	My
Chelsea BS	Premier VII 0800 272505	30.9.95	£10,000	8.05% A	My

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
TESSAS (Tax Free)					
Hiscock & Rigby BS	0455 251234	5 Year	£25	8.05% A	Yy
Dunfermline BS	0383 721821	5 Year	£3,000	8.00% A	Yy
National Counties BS	0372 739702	5 Year	£3,000	7.90% A	Yy
Durley BS	0354 251414	5 Year	£10	7.87% A	Yy

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
HIGH INTEREST CHEQUE A/c's (Gross)					
Cheltenham Bank	HICA 031 556 8235	Instant	£1	5.50% A	Yy
Chelsea BS	Classic Postal 0800 717515	Instant	£2,500	6.10% A	Yy
Northern Rock	Current 0800 591500	Instant	£50,000	7.07% A	My

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
OFFSHORE ACCOUNTS (Gross)					
Woolwich Int	0481 715735	Instant	£500	6.25% A	Yy
Concordance Bank Jersey	0534 608000	60 Day	£10,000	6.75% A	Yy
Derbyshire (ROM) Ltd	0634 653452	30 Day	£30,000	6.00% A	Yy
Bristol & West Int Ltd	0800 853222	6 Mth	£5,000	6.55% A	Yy

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
GUARANTEED INCOME BONDS (Net)					
Consolidated Life FN	081 940 8343	1 Year	£2,000	5.00% A	Yy
Prosperity Life FN	0800 321548	2 Year	£15,000	5.80% A	Yy
Consolidated Life FN	081 940 8343	3 Year	£2,000	6.35% A	Yy
Financial Assurance FN	081 367 6000	4 Year	£50,000	6.70% A	Yy
Financial Assurance FN	081 367 6000	5 Year	£50,000	6.95% A	Yy

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
NATIONAL SAVINGS A/c's & BONDS (Gross)					
Investment A/c		1 Month	£20	6.25% A	Yy
Income Bonds		3 Month	£2,000	7.00% A	My
Capital Bonds G		5 Year	£100	7.75% A	CM
First Option Bond		12 Month	£1,000	6.34% A	Yy

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
NAT SAVINGS CERTIFICATES (Tax Free)					
40th Issue		5 Year	£100	5.75% A	CM
6th Index Linked		5 Year	£100	3.25% A	CM
Childrens Bond E		5 Year	£25	7.85% A	CM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) CM = interest paid on maturity. Net Rate, A = Rate fixed only until 31.7.93. C = Rate guaranteed until 1.7.93. D = 10% bonus of interest earned pa. providing no capital withdrawals. E = Rate fixed until 1.10.93. G = 0.5% bonus providing no withdrawals per annum. F = After 6 months qualifying period. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR25 0ED.

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MINDING YOUR OWN BUSINESS

As They Say In Europe Please drive Caerphilly

A "EUROPE of Regions" is one of those dreams that provides a useful standby for all kinds of commentators on the Community scene. The attractions of this dream derive from its evocation of cheery images of Burgundians and Bavarians exchanging tales of heroic drinking and cholesterol cuisine.

The trouble is that some nations have regions and some do not as was amply demonstrated by this week's publication of *Regional Trends*, Britain's Central Statistical Office. Britain contains four countries but no regions, merely what someone in Whitehall would probably call "Areas of Administrative convenience". Thus we English live in the east Midlands and the north west. The Dutch live entirely in such AACs, but they probably prefer it that way. The Portuguese, the Danes and the Irish have nothing but Portugal, Denmark and Ireland.

The French have fabricated some nice bits of country but for the real thing you have to go to Italy and above all Germany. Their regions inspire the duldest mind - Lombardy and Rhineland-Palatinate, Abruzzi and Mecklenburg and Western Pomerania. There one hears the heartbeat of history; Yorkshire might achieve that, but in the hands of Whitehall it becomes Yorkshire and Humberside.

If there is ever to be a Europe of regions, which are the most attractive? This is where *Regional Trends* might be expected to provide an answer.

There is a general view in Britain that the place to live is anywhere but Britain, but international statisticians disagree. This was revealed to me while thumbing through a publication from the United Nations Development Programme last month which put Britain at number 11 in the world in terms of its quality of

life. That was odd because it ranked 21 on the income scale; no other industrial nation was able to sustain such a high quality lifestyle on the basis of such relative poverty. Mind you, any survey which puts Japan at number one must arouse considerable suspicion. The wiceness of Britain comes through in *Regional Trends* European lifestyle comparisons. Again the Brits may not be the richest, but they are not that poor either. And they enjoy notable advantages: if you want to avoid being run over, Britain is plainly the place to be. Wales in fact has the lowest rate of road deaths of anywhere in the

James Morgan examines an attempt to measure quality of life in different parts of Europe

Community, which I find hard to credit. If you want to be hit by a car Paris, unsurprisingly, is your natural choice; it is three times more likely to happen there than in London.

If one takes apparently similar regions there are more surprises to store. South east England and North Rhine-Westphalia have about the same population - around 17m - in about the same area. Now if *Regional Trends* is right, the south east English enjoy the higher standard of living. On the basis of the purchasing power of their incomes they are 10 per cent better off than the Rhinish Westphalians. Their babies are more likely to be born healthy and each working person has fewer people to support. The Germans will suffer (inevitably) far more car crashes, and will be nearly twice as likely to be working in factories (those nasty, noisy places), some-

thing the English gave up years ago. But North Rhineland and Westphalia are not as likely to be out of work, not yet anyway.

The regions of Europe of which people dream are probably Provence, Tuscany and the south of Spain. Well, the last of these is all right, judging by the figures, but on no account look for work there for it has the worst unemployment rate in the Community. Provence and central Italy are so favoured as retirement locations that scarcely anybody but the over-65s seems to live there. But all these Latin idylls suffer the disadvantage on which *Regional Trends* puts such insistent emphasis - danger on the roads. Even by local standards they seem unusually well stocked with wrecks and corpses.

One is left wondering if the compilers of this fascinating volume deliberately selected their international comparisons to create that image of a "nation at ease with itself" of which the prime minister, John Major, spoke once, and only once. Come to Britain, enjoy its active, youthful population, its fine babies and careful drivers.

But a Europe of regions is not to be fashioned from the demographer's computer. At least not according to those Arcadians whose columns decorate the more conservative weekly journals in Britain. Their vision has no time for comparative unemployment figures, but emphasises the qualities of local alcoholic beverages, *spécialités du pays*, and vernacular architecture. The curiosity is that this dream is so widespread among anti-Maastricht nationalists who live in a country which has virtually eliminated the possibility of achieving the regional vision. If you really care about creating a healthy regionalism you should probably be a Euro-federalist. ■ *James Morgan is economics correspondent of the BBC World Service.*



Shell company: June and Joe Forder with a tray full of their oysters

Farmers who went to sea

Cynthia Hurst on a couple who found their dream cottage and then worried about work

FARMERS have to be adaptable, but few would change their plans to suit circumstances as much as Joe and June Forder have.

The Forders' background is in conventional farm management in northern England and Wales, but they have turned to raising a completely different kind of livestock - millions of Pacific oysters - at their farm on the Cleddau Estuary in Pembrokeshire.

The switch to shellfish followed their discovery 13 years ago of a cottage set in 23 idyllic

acres of Pembrokeshire Coast National Park land overlooking the estuary.

"This just seemed like a nice place to live," Joe says, "so we began looking for a suitable cottage. There were native oysters already growing in the estuary, which seemed to be a good indication of the potential."

The Forders set up Carew Oysters in 1980, budgeting about £52,000 for equipment and working capital. It took a good deal of persuasion to get the bank to co-operate, especially as a nearby oyster farm

was going bust.

"You can imagine the reaction of a bank manager if you say you want £50,000 to throw in the river and in three to four years you might begin to show a return," Joe says.

The farm's oysters are bought as 2mm seed, or spat, from a hatchery in Kent and kept in a semi-controlled nursery for a few months until they are about one inch long and tough enough to survive in the open.

The oysters are then headed into plastic mesh bags which are placed on pontoons and transferred to the open estuary, where they will stay for two to three years. The oysters are spread out over five acres of sea bed where they feed on plankton and other nutrients brought to them twice a day on the tide.

During the summer, the 10,000 bags have to be turned once a month to keep off algae and other fouling organisms. When they eventually reach

market size, the oysters are cleaned inside and out in purification tanks before being packed, still in their shells, for sale.

Carew Oysters' growth also has been steady, and the business now has five employees and an annual turnover of £100,000, representing about a million oysters.

Half of the crop from the farm, not yet mature, is shipped to countries such as France and Germany, where they can finish growing to market size and be sold - quite legally - as "French" or "German" oysters.

Joe Forder deals with wholesalers on the continent, but in the UK, a market he would like to expand, he is aiming more at retail outlets. But the high street fishmonger who would stock fresh oysters is a disappearing breed, along with the housewife who would buy from him.

"We have two generations of housewives who don't know

anything about fish," Joe complains. "It's all supermarkets now, with everything pre-packaged." Nevertheless, he does sell to wholesalers in Wales and England who in turn sell the oysters to retailers, and Carew Oysters are served in local restaurants and hotels.

He also runs a mail order business, marketing the oysters, with their reputation as both an upmarket food and an aphrodisiac, as the perfect gift for St Valentine's, anniversaries or other special occasions. Food shows and exhibitions provide another way of bringing oysters and the public together, and there is a shop at the farm with free samples for visitors.

"It's sometimes difficult to get people to try oysters," Joe says, "but once they do, they usually enjoy them."

■ *Carew Oysters, West Williamston, Kilgetty, Pembrokeshire Tel: 0646-651452.*

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The Red Fat Cat

Continued from page 1

Yangtze, where they discovered a batch of imperfect buttons discarded on a rubbish tip. They carried the buttons back to Qiaotou and found, to their delight, that they were tradeable items. So began a business in one of life's most basic commodities that has led to Qiaotou itself making half of China's buttons as well as being the wholesaling centre for about 80 per cent of the country's requirements.

With China's garment-producing industry growing very rapidly, Qiaotou's future seems assured. Along the way, a fairly significant number of people there have become rich beyond their wildest dreams.

Xian Guo Xing, the watch band "king" of Qiaotou, has a problem: he cannot fit a lift in his six-storey house to transport him to his various floors. These boast a bar stocked with cognac, a 27-inch colour television, a roof garden with commanding views, and a personalised karaoke bar with its oversized loudspeakers. By any standards, Xian has made it.

He has a simple solution for his lift problem - he is giving the house to his son and daughters and moving down the road to a larger, new dwelling - complete with an elevator. All this is not bad for someone who was labouring in the fields as a peasant until seven years ago.

But while Xian is happy to admit that things have moved fast for him, he insists that others have got rich more quickly and have bigger houses with lifts. Indeed, a lift appears to be the ultimate status symbol in Qiaotou. "Look over there," he says, gesturing from his roof garden. "There is a much bigger house than mine - with a lift in it."

Madam Jiang, Xian's talkative wife, still cannot quite believe their good fortune. She recalls that when they were married in 1957, they lived without running water and



Mr Zhao, tonic in hand, works on the lucky Mr Fan. A treatment costs £5, which is equivalent to one week's wages for the average worker

had to burn straw in their stove for heating and cooking. They owned neither radio nor sewing machine and she carried water from the river in buckets. Now, their house has three kitchens and three bathrooms, two washing machines, four colour television sets (hooked up to a cable service), a microwave, and other labor-saving devices she did not know existed when she married.

"We lived on sweet potatoes," she says. "I never expected this. My biggest wish was simply to live a better life. The difference between then and now is like heaven and earth."

Xian has a fairly crude philosophy about making money and the widening gap between rich and poor. "You can't make everyone equal," he says. "Equally cannot develop the country. You have to have

someone who gets rich first. If the boss gets rich, everyone from the village gets rich with him."

At a nearby factory, Mr Zhang, one of Qiaotou's "button kings," would agree. Business is tough, he says, noting that he works more than 10 hours a day, seven days a week. "Wealth never simply drops down from heaven into your pocket," he adds.

Back at the Qiaotou button market itself, a series of large structures on the main street, buyers and wholesalers haggle over prices and quality. But all seem to have one idea: to make money. Typical is young Miss Jin Jian Feng, who presides over mounds of buttons made by her family. She aims to travel widely. She also wants a car. What sort? "A big car - and an imported one," she says, emphatically.

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Lions face extinction



Lion takes wing: Iwan Evans on the run against Otago

BY THE time you have read this you will be one up on me, you will know the score because the first Test against the All Blacks will be over.

I wish I could be more confident about the British and Irish Lions but leaving aside my own prejudice that the whole idea of the Lions concept is an anachronism, the selection of first Gavin Hastings as captain, and then the old lags from England did not give me much confidence.

The English have this odd notion that a captain is the first name on the cards, and then he invites his team to join him in representing his country. But in the current regime of manager, team coach and specialist coaches, a captain is more and more obsolete.

Hastings' experience of captaincy has demonstrated that under pressure he has a tendency to go into his shell and see the game only in terms of his own performance.

Will Carling is the most experienced captain. His record makes him the most successful England captain this century but while he is a brilliant player, he could not captain his way out of a tactical paper bag. He does not seem mentally or physically fit. He played only 14 club games this season and on the Lions tour he has struggled to complete a game. Furthermore, his subject performance as both captain and player against France, Wales and Ireland suggest that his star is on the wane.

Had the Lions selectors chosen the side first and then the

captain, it would have been a close thing between the maverick Stuart Barnes and the irreplaceable Dean Richards.

I sense that Carling does not

want to be in New Zealand. He is a loner. He is also Geoff Cooke's boy. Cooke was allegedly the only one to vote for Carling as tour captain.

Cooke's future as manager of the England team, though written in stone until the World Cup in South Africa, still depends largely on how his

protégé performs in the next Five Nations Championships.

England have, in Jeremy Guscott, the finest centre in the world. He can kick equally

well off both feet (and, even nonchalantly drops goals with whichever foot he fancies at the time), who has pace with overdrive and who is secure in defence but who yet may never realise his true ability. The fault lies with Carling and, until Barnes replaced him this season, Roh Andrew. They are instinctively defensive players and prefer to play a tight restricting game.

This Lions tour may be the last of its kind, truncated as it is to 13 games as compared to the Lions in New Zealand of 1950 (23 games), 1966 (25), 1971 (24), 1977 (25) and 1981 (18).

The threat comes from the world cups of 1995, 1999 and 2003 and, the possibility that a grand prix circuit might be arranged, if not by the rugby unions of the senior international countries, then by the senior players.

Money has been a constant talking point among the players. The New Zealand RFU has announced the All Black Club plan which will, whatever way you look at it, provide the players with a salary of more than £30,000 a year to stop them playing for profit overseas. In New Zealand, that bedrock of rugby union, all is not well.

John Kirwan chose to play in Italy, returning to New Zealand too late to be considered for the first test. Kirwan, unlike David Campese of Australia, who at least has Italian parentage, was not there just to visit friends. He had a contract to play rugby.

Rugby union in New Zealand is under threat from rugby league and soccer. Hence the announcement this week of the players' funds. Shamateurism is breaking out all over. Of course, the International Rugby Football Board could complain but it is toothless and happy to turn a blind eye so that its power base is not further undermined.

Money was one of the problems on the first Lions tour in 1888 run by Andrew Stoddart and Bob Seddon. Stoddart played cricket for England in Australia and along with Alfred Shaw and Arthur Shrewsbury thought a rugby tour there would be welcomed.

After Seddon's death sculling on the Hunter River in New South Wales, Stoddart went on to captain the Lions, and later, England and the formative Barbarians. He was the first and last player to captain his country in cricket and rugby.

He approached the Rugby Football Board for permission for such a tour. The RFU gave its blessings provided the amateur regulations were enforced. One of the 22 players chosen, A J Stuart of Dewsbury was banned from joining the leaving party because he had made a deal with an outfitter to kit himself out. Another player was apparently sent home when he was caught discussing his chances of becoming a professional as an Australian Rules player.

This seemed harsh. To raise tour funds and to the chagrin of the RFU, the Lions played 19 exhibition matches of Australian Rules in Victoria, winning nine.

It cannot have been coincidental that the next Lions tour, to South Africa in 1891, was completely underwritten by Cecil Rhodes, prime minister of the Cape.

Soccer/Peter Berlin

Taylor makes a rod for his back

WHEN THE Football Association appoints a successor to Graham Taylor as manager of the England team the first question they should ask is: "Do you go fishing?"

While Taylor occupies the weeks between internationals fretting about his opponents' strengths, Jack Charlton, the manager of the Republic of Ireland, goes fishing. While Taylor's team are performing in US soccer's rehearsal for the World Cup like understudies for a pantomime horse, the Irish are galloping like thoroughbreds towards a starring role in the show.

As Don Revie, Jack Charlton's old mentor, showed when he managed England in the 1970s, the obsessiveness which can be an asset for a club manager can be disastrous for a national one who has little time with his players. Revie overmanaged. Taylor has similar faults.

Taylor complains that the English league's fixture load damages his players. But Charlton and Terry Yorath of Wales, who must pick from a far smaller pool of players in the same league, have overcome this problem, while Taylor's selection policies have exacerbated it. Last summer, Taylor deprived Ian Wright of experience by leaving him out of the European championship.

Taylor set out this summer with three goals: Wright, who had just eight caps, Les Ferdinand (two) and Teddy Sheringham (one). In three games each has played a half alone and a half with each of the others. The only untried permutation is all three at once. Even if Taylor does not know what his best attack is, common sense suggests he should stick to one combination.

Taylor often allows his opponent's to pick his teams. Against Norway, to combat an attack no better than most in the Premier League, he made four changes from the side that had drawn against Poland three days earlier and altered formation. He brought back

Gary Pallister after more than a year to partner Tooy Adams for the first time, moved Des Walker to a position he dislikes and paired Sheringham and Ferdinand for the first time. He also asked winger Lee Sharpe, in his first full England game, to play in a defensive role. Time and again Taylor picks players out of position in the hope that they will do a bit of both jobs. It never works.

The job of an international manager is to find a formation in which the players he picks are comfortable. Against Norway Taylor created a situation in which they were uncomfortable and uncertain.

During Taylor's three years in charge the high morale built up in England's run to the World Cup semi-final in Italy in 1992 has gradually collapsed. There have been good performances, but recently only at Wembley inspired by Paul Gascoigne. Taylor discarded Peter Beardsley and Chris Waddle and drove away Gary Lineker. In their place he has a collection of players he has called "headless chickens". This recent habit of deflecting criticism by blaming the players only damages morale further.

On Wednesday against the US in Foxboro the England team gave Taylor a vote of no confidence. This was not the poorest performance of his three years as manager but it was the most depressing.

Taylor reverted to a familiar English formation. Each player was in a familiar position. The match started well. But when the US took the lead, England unravelled. Most kept trying. But the players self-belief ebbed.

Four times Wright, a particular victim of Taylor's vacillation in selection, found chances which he would have converted for his club. Three times he missed, once he even tried to pass - avoiding a responsibility he rarely shirks.

By the end England were no longer a team. They had voted with their feet. A quick way to restore morale is to replace the manager. Taylor should buy a rod, he may soon have a lot of time to go fishing.

Cricket/Teresa McLean

Somerset's rustic joys

DOWN IN Somerset, it is a delight to see how much they like cricket. While there are only three first-class grounds - at Taunton, Bath and Weston-super-Mare - they attract good crowds. Pubs and hotels decorate their walls with framed photographs of cricketers. "You're never far from cricket down here," said the proprietress of our hotel.

The church just down the road from the county ground in Taunton goes further than that, proclaiming itself on its notice board as "St James next to the cricket." You even smell the game in Somerset because you are never far from cider - and cider sponsors cricket.

The Taunton ground is small, basic and welcoming, selling better cider than beer. It has a little museum with a wide range of exhibits, including one of Joel Garner's size-15 cricket shoes. Such fondness for the game is all the more remarkable since Somerset have never won the county championship. Their nature is to play at full tilt, erratically.

One-day cricket kept things cheerful, starting with victory in the Gillette cup and John Player league in 1979, the Benson and Hedges cup in 1981 and '82, and the NatWest trophy in 1983. In those five years Somerset became the rustic champions of hit-biting cricket, basking in the feats of their great west country heroes: Ian Botham, Viv Richards and Joel Garner, natives of Cheshire, Antigua and Barbados respectively.

Somerset always have had a strong sense of local identity, without letting Somerset ancestry or provenance cramp their style. The other day, I

watched their cosmopolitan team play a team from Glamorgan which had five Welsh players and several with Welsh accents.

By contrast, only one of the Somerset players, batsman Richard Harden, came from Somerset. The rest were imports, not just from elsewhere in England but, in the positively universal mode of numbers eight, nine and 10 in the Somerset line-up, from Pakistan (Mushaq Ahmed), New Zealand (Andrew Caddick) and the Netherlands

The church near the county ground in Taunton proclaims itself 'St James next to the cricket.'

(Adrianus van Troost).

So far, Mushaq looks like a successful signing. Those who saw him removing England's spin-bowler last summer will remember how effective his leg-spin, peppered with googlies and wrong 'uns, can be on English pitches. He is the right kind of high-voltage cricketer to revive Somerset.

In turn, they are taking care to keep him happy because they are able to intermittent spots of bother with their overseas players. Last year, the South African all-rounder Richard Snell, was released after a feeble season: Australian Ken Macleay went home to take up farming; and Dutchman Roland Lefevre was allowed to end his contract a year early.

I watched Lefevre playing for his new county, Glamorgan, along with another Somerset man, Richards. Som-

erset got rid of Richards and Garner after the 1986 season whenon Richards' furious friend, Botham, also left. It was a bitter set of dismissals and departures and Peter Roebuck, appointed captain in 1986, fought to keep his team together.

In 1987, he was helped by the new overseas signing, New Zealander Martin Crowe, who was just what the county wanted: a devoted club man as well as a star batsman. When New Zealand's quickly-ranged tour of Sri Lanka at the end of the 1987 season was cancelled just as quickly, Crowe flew straight back, like a true son of Taunton, to play for his county.

Nevertheless, Somerset have lacked both inspiration and brute force since their one-day flourish a decade ago. Last year, they finished ninth in the county table, the first time since 1984 they have managed to get as high as half-way.

They got there in true Somerset style, with dramatic victories at the beginning and end of the season, a dead patch in the middle, and a rattling game against Pakistan - which they lost all ends up. Caddick's six for 73 on Somerset's behalf shared the headlines with Mushaq's five for 46 for Pakistan. Mushaq impressing his victims' talent scouts in the process.

Somerset recovered some of their sparkle last year under the dynamic guidance of their new director of cricket, Bob Cottam. It is to the credit of both that Cottam and captain Chris Tavare that two such different characters can work together, particularly as Tavare has been struggling to recover his form.

His grafting 148 not out off

Glamorgan's uninspired bowling was slow going, but invaluable to Somerset's eventual win. The lady next to me in the crowd gave a combined nod and shake of her head when Tavare reached his century with an elegant cut for four. "I like him to play his shots," she sighed.

Tavare likes it, too. He is a natural stroke player, as he showed for Oxford University and Kent in the 1970s. He explained, with a wistful smile: "I just fell into the dour mode because it was the best way to stay in the Test team. I know it's boring. Even I get bored sometimes."

Tavare is a quiet, modest man, nicknamed "Rowdy" by his team-mates and inclined nowadays to play quiet, modest cricket, except sometimes in one-day games when he plays fiercely. He says he likes Somerset, to which he moved in 1989, cheered all the way by his Somerset-born wife.

In 1990, he took over the captaincy from his old Oxford friend, Vic Marks, and found his first year in office pretty tough. "I had to re-assess the captaincy. But things are better at Somerset now and we have some young talent coming through."

That young talent includes Harvey Truitt, an enthusiastic off-spinner born in Taunton, and Mark Lathwell, a fearsome opening batsman. When Lathwell opens with Nick Folland they make an opening pair with panache. Both, like Mushaq, were recruited bravely by Cottam.

Somerset are one of the few, precious counties (Derbyshire are another) for whom enthusiasm and style matter more than results. Good luck to them.

Motoring/Stuart Marshall

Small but perfectly formed

MOTORING correspondents do not, as rumour would sometimes have it, spend all their working lives driving supercars at high speed from one luxury watering hole to another. At least, I do not.

The reason is simple. For every potential buyer of a Ferrari or V12 Jaguar, there are thousands of motorists to whom small - in size and price - has to be beautiful. So, as a wine writer might put it, one has to go to Tesco's tastings as well as those in the first-growth Bordeaux chateaux. And it is not a bad experience. Recently, I spent two mainly wet and windswept weeks in a Daihatsu Mira. Next, I drove its bigger brother, the new Daihatsu Charade, followed by the Mazda 121. My mini-tour ended with the latest European baby

car, the Fiat Cinquecento.

The Mira, a tiny five-door hatchback, only an inch or two longer than a Mini, is a micro-car. These are the only kind of Japanese in congested cities can buy without first proving they have somewhere to park.

The Mira is tall and thin. Though I am well over six ft, my head did not touch its roof. I could reach the back seat without contortion and sit there uncramped. Hip room was limited and with four people on board, luggage space minimal. But two-up, with the back seat folded, the Mira passed my "two sets of golf clubs in their trunks" test easily.

The 847cc engine was so smooth I forgot it had only three cylinders. Using the slick five-speed gearbox freely, the Mira was quick off the mark in town and nimble across country. A gentle driver should average at least 50 mpg (5.65 l/100 km), with 65 mpg (4.34 l/100 km) possible on a long, unburied journey.

Because all Charades - they are the £5,395 Mira's bigger brothers - have power steering as standard they are even lighter to park. There are six models: a starter GSe at £7,995, four more 1.3 litre versions with

manual or automatic transmission at between £8,795 and £10,200, and a warmed-up, 1.6 litre GSXi at £10,850.

For town use the best Charades are the GSXi and GLXi automatics (£9,645 and £10,200 respectively) because there is nothing like a small, lively two-pedal car for taking the stress out of urban motoring. The transmission is a three-speed plus overdrive which makes motorway driving as relaxed, but not quite so economical, as in the five-speed manual.

These felt livelier on Scottish moorland roads, the sporty GSXi even more so, but I would go for the two-pedal versions every time. The multi-valve engines are so refined the main noise source is tyre roar, and this is a problem only on really coarse surfaces.

When Mazda introduced the new-shape 121 it was an automatic without the option and could not be had with power steering. Now it comes with power steering but two-pedal control is not available. Instead, buyers get a huge, power-operated fabric sunroof which makes it feel almost as open as a cabriolet with the side windows up.

The dumpy yet attractively curvy 121 could never be mistaken for anything else. It is easy to enter and leave through four doors and has a good boot. Mazda is pitching the £9,800 121 at young drivers. They probably will not mind that it has not a single flat surface inside, so that one's shopping list or letters for the post end up on the floor.

Finally, Fiat's Cinquecento. This carries the banner first raised by the Fiat 500 in 1955 when it was the first really small car to offer the sophistication of much larger ones.

The new Cinquecento looks not unlike a scaled-down Fiat Uno. Though very small - only 10ft 7in/317cm long - it has lots of headroom and really does seat four full-sized people in fair comfort.

It rides better than one has any right to expect of such a small car. There are no power steering or automatic transmission options and the standard five-speed gearbox has a rubbery sort of change. But the good news is that it feels as if the robots in Fiat's Polish factory have screwed it together properly and the price starts from £4,995.



The view from Jack's front room

Acres of rolling Kent countryside. 560 acres in all at The London Golf Club where Jack is the new Honorary Club Captain.

But Jack's involvement is much more than "honorary". For his Golden Bear Company supervised the whole LGC complex and Jack personally designed the 'Heritage' course.

The view from the Long Gallery Bar is breathtaking. But so, too, are the views from the other terraces which help to make the clubhouse something really special. And with internal and external spa baths, an international restaurant and a Teppanyaki Bar, members and their guests will be able to recover from the challenges of the courses in supreme comfort.

Indeed, from the moment members arrive at the LGC they will find a level of service and comfort seldom experienced at other clubs. Their golf bags will be transported from car to starting area. And then they have the choice of buggy, caddy or both. Of course, if members want to carry their own golf bags, that's fine too.

There are two magnificent 18-hole courses at LGC. And with 5 tees at each hole, you need never grow bored. In fact, the whole design is geared to providing fun and challenge for low and high handicap players alike.

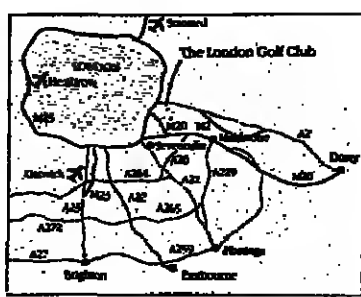


Simply Europe's Best

In Jack Nicklaus's words: "I believe that golf should be more a game of precision than power and that a good golf course would reward the player who uses his mind ahead of his body strength."

It adds up to a golfer's paradise and a room with a view. And all this is just a short drive (and 3 iron!) from central London.

For further information on membership and to arrange your visit around the Club, just phone 0474 854466 or fax 0474 854798.



Alternatively just pop your business card in an envelope and post it to The Membership Secretary, The London Golf Club, South Ash Manor Estate, Stansted Lane, Ash, Nr. Sevenoaks, Kent TN15 7EN.

Honorary Club Captain: Jack Nicklaus

Honorary Members: The Rt. Hon. Lord Deedes MC; Sir Paul Giblin; The Rt. Hon. Lord Prior; Sir Denis Thatcher Bt; The Rt. Hon. Lord Young of Grafton.

MOTORS

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HOW TO SPEND IT

Hello palefaces, found a summer wigwam?

Lucia van der Post has been looking at ways of sheltering herself and her cucumber sandwiches from the ravages of the weather

NOW THAT pale skins are the only fashionable sort to have, what every self-respecting garden, even British ones, needs is a refuge from the weather - if not the wind and the rain, then from the sun.

No doubt inspired by the depleting ozone layer and insatiable demands for all things horticultural, a whole host of companies is offering all manner of structures in which to shelter from the elements this year.

Some can be used as tranquil retreats in which to read and survey the landscape. Others are welcoming shelters from sudden showers and chill breezes. Others still can be shady bowers bedecked and embellished with climbing flowers.

They come in all shapes and sizes and with a variety of names. Of all garden structures gazebos have the least practical purpose. They are there simply to be beautiful.

They take their name (so The Secret Garden Company informs me) from a "waggish pretence of Latin learning", purporting as they do to be places from which to gaze. A gazebo, it seems, should be open and octagonal, hexagonal or square.

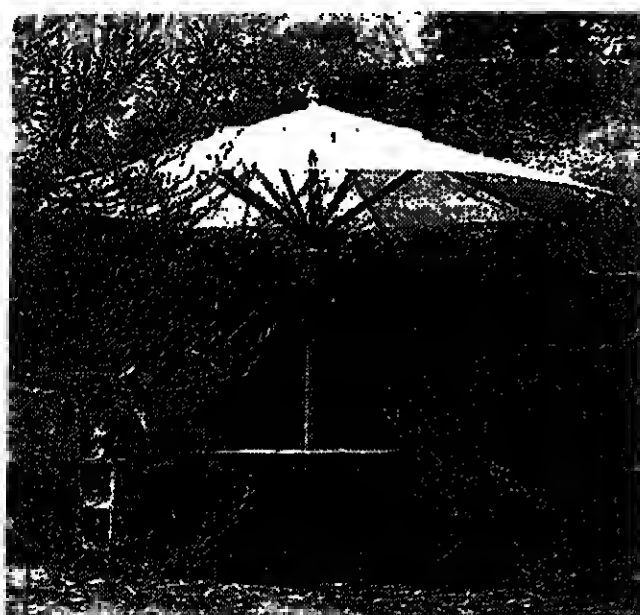
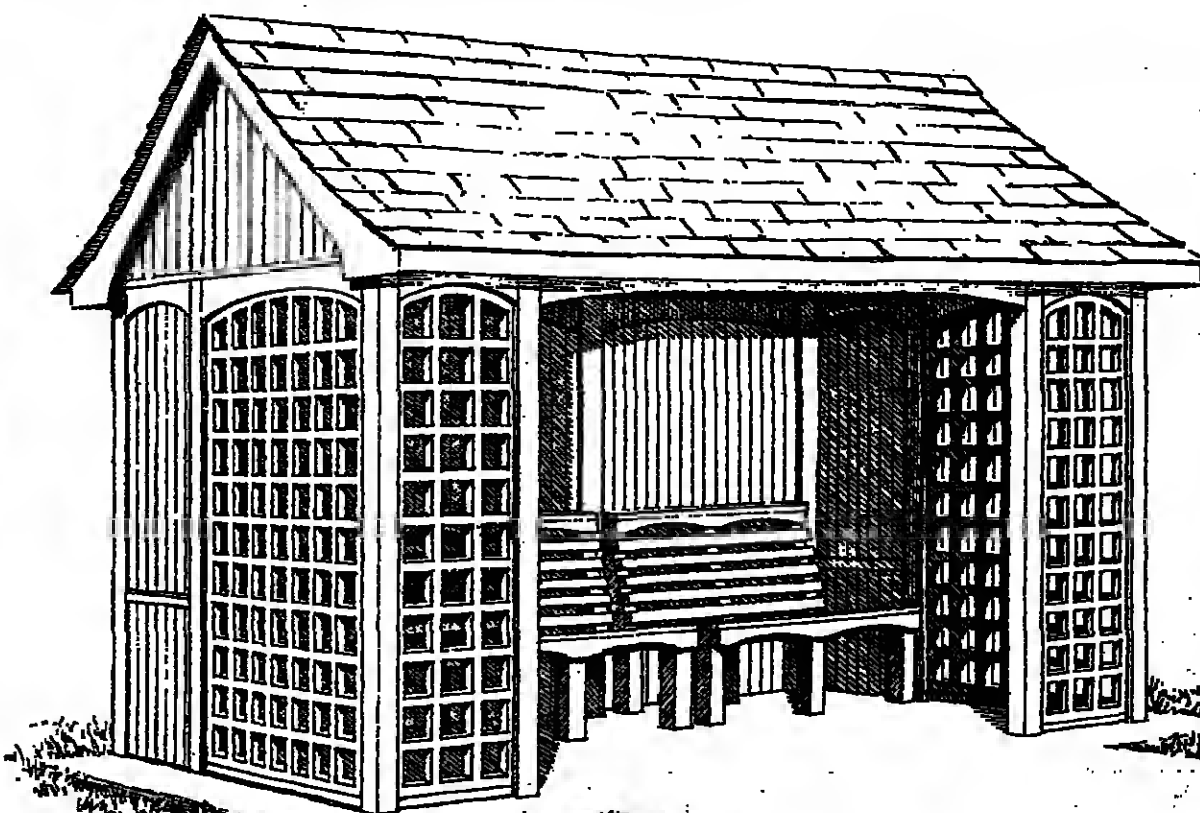
It requires a fine position and often can be heavily overgrown or intertwined with climbing flowers, with clematis and roses, with honeysuckle and ivy.

Pavilions, on the other hand, are designed to give shelter from sun, wind or

rain and are normally to be found beside swimming pools or tennis courts. From there you can take tea and sponge cake while watching a drama unfold on the croquet lawn or applauding a few sets of lawn tennis.

Summer houses are where you sit peacefully and quietly, reading, taking in the view, enjoying those leisurely afternoons where the sun always shines, there are cucumber sandwiches for tea, croquet on the lawn and punting on the river.

If you have a garden which could do with a bit more structural interest, or maybe needs a little embellishing or even furnishing, then here are just a few of the latest ideas around...

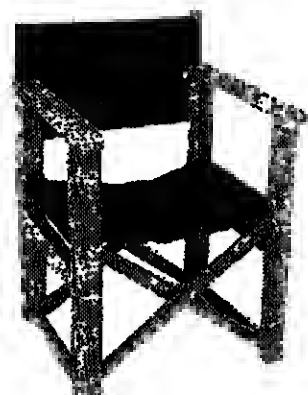


Barnsley House, as many readers will know, does several ranges of clean and classic garden furniture. It has now started to sell a new line of Italian sun umbrellas, complete with wooden poles and frames and cream cotton tops, pictured above.

Each umbrella also has double pulleys with nylon wheels and wind cowls. Not cheap, at £295 each, they are beautifully made and, to my mind at any rate, look so much more at home in an English garden than their more gaudily-coloured relations. They come in two shapes

and sizes - round (3 metres in diameter) and rectangular (2 m by 3 m) and both cost the same. There is a lighter-weight version, with a single-wheel pulley and with no wind vents, that looks nearly as elegant and is considerably cheaper at £145 for the 2.5 m size.

All can be bought by mail order from Barnsley House, near Cirencester, Gloucestershire GL7 5EE (Tel: 0285-740-561) and there is a splendid full-colour brochure of all their wares on offer. The Barnsley House showroom is open from Monday to Saturday from 9 am to 5.30 pm.



Chairs are essential to the outdoor or conservatory life. Classic deck-chairs, steamer chairs and safari versions all have one important quality - they stack, which means they can be easily stowed when summer is over or when the space is required for some other purpose.

The Indian Ocean Trading Company has brought out a range of exceptionally sturdy folding garden furniture. All made from teak, the safari chair (GL10) is photographed here left, but it also sells the other classics of the genre,

FOR THOSE who like their garden appointments old, battered and well-weathered Capital Garden Products has developed a new material, a bronze powder mixed with resins, which gives all the standard garden items - the urns, the jardinières, the window-boxes and the planters - an air of great antiquity.

"For years," says Jerry Carr, its managing director, "we have seen some modest attempts at producing false verdigris bronze finishes and now after months of experimenting we have come up with this splendid material, which combines resins with a considerable amount of bronze. No one should be embarrassed at thinking our

casts are made of solid bronze and finding that they are not."

The range includes things as small as a 10 in diameter Devil's Funchbowl (copied from a Jacobean antique) which sells for £36 and as splendid as the Rams Head Urn (24 in diameter by 24 in high) photographed below, which sells for £247.50.

Write to Capital Garden Products, Hurst Green, Etchingham, E. Sussex TN19 7QU (Tel: 0590-201092) sending four first class stamps for a brochure or to buy by mail. Otherwise they can be bought from The Chelsea Gardener, 125 Sydney Street, London SW3 or from Clifton Nurseries, Clifton Villas, off Warwick Avenue, London W9.



the steamer chair (with cushions, £420) and the deck-chair (£30). The fabric is a heavy-duty marine dralon, scotch-guarded and flame-proof, and comes in dark green, burgundy or cream.

Indian Ocean Trading Company has a showroom at 28 Ravenswood Road, London SW12 9PJ but it will take orders by telephone (081-676-4808).

Barnsley House also has some wonderfully solid teak garden furniture - everything from armchairs to benches and this exceptionally elegant outdoor dining chair. Called the Tetbury, it is beautiful from almost every angle. The full length back makes it elegant from the back as well as from the front.

As with all Charles Verrey's designs much thought has gone into the measurements to make sure they are the right height for the tables they sell. As he puts it in the introduction to his catalogue: "If you have fought with dining chairs just too wide to fit as pairs around a table, or benches that won't fit under tables, then you will appreciate the care we take to produce

combinations which suit small and large spaces."

The Tetbury costs £205. The brochure has many other options. Write to Barnsley House, near Cirencester, Gloucestershire GL7 5EE.



Past Times is a mail order company which, it will not surprise you, is heavily into nostalgia. This is not necessarily a bad thing. Some of its wares are charming and when it comes to gardens it has much to offer.

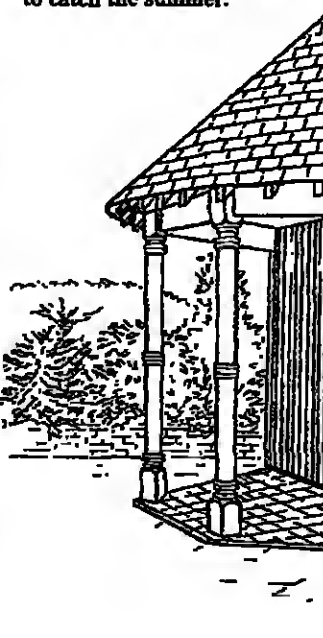
It has, this summer, produced a mini-catalogue devoted to the outdoor, horticultural life. The highly ornate gazebo pictured above is light, airy and romantic and made (so the catalogue tells me) in the 17th century tradition, all intricate and curly hand-made steel. Weatherproofed with a fashionable verdigris finish it is 8 ft high and 6 ft in diameter and sells for £395.

You will have to assemble it yourself - unless you have a really handy handy-man. Much less expensive, at £249.50, is the portable Edwardian pavilion. Some 6 ft by 3 ft by 6 ft high, it has a weatherproofed acrylic cover supported by a folding hardwood frame. Look out, too, for wooden garden chests (for keeping wellingtons and garden tools), for fine wooden croquet sets, steamer chairs and Versailles tubs.

The catalogue offers just one garden bench but it is a beauty - the Hatfield bench, reproduced from a classic design of about 1895 by J.P. White, who worked with

Gertrude Jekyll and Lutyens. Measuring 6 ft by 1 ft 6 in by 3 ft 2 in, it is made of solid unvarnished weatherproof teak, has a charming, delicate curving design incorporated into the back and costs £395.

Past Times has some 21 shops throughout the UK but these particular items are available by mail order only, tel: 0993-779444. Orders may take up to 28 days for delivery, so hurry, hurry if you want to catch the summer.



The Secret Garden company of Ware offers at least six different structures to embellish a garden. There are gazebos and summer houses, pavilions or octagonal houses, all made from sturdy timbers such as Western Red Cedar and Ghanaian iroko, with leaded light windows and solid brass furniture for windows and doors.

Six roof shapes and 17 panels are the basis of all the designs - whether a lightly romantic gazebo or a solidly protective summerhouse. Some, such as the gazebos, would look best carefully sited for views and vistas; others,

such as the pavilions, could be placed beside a swimming pool or tennis court.

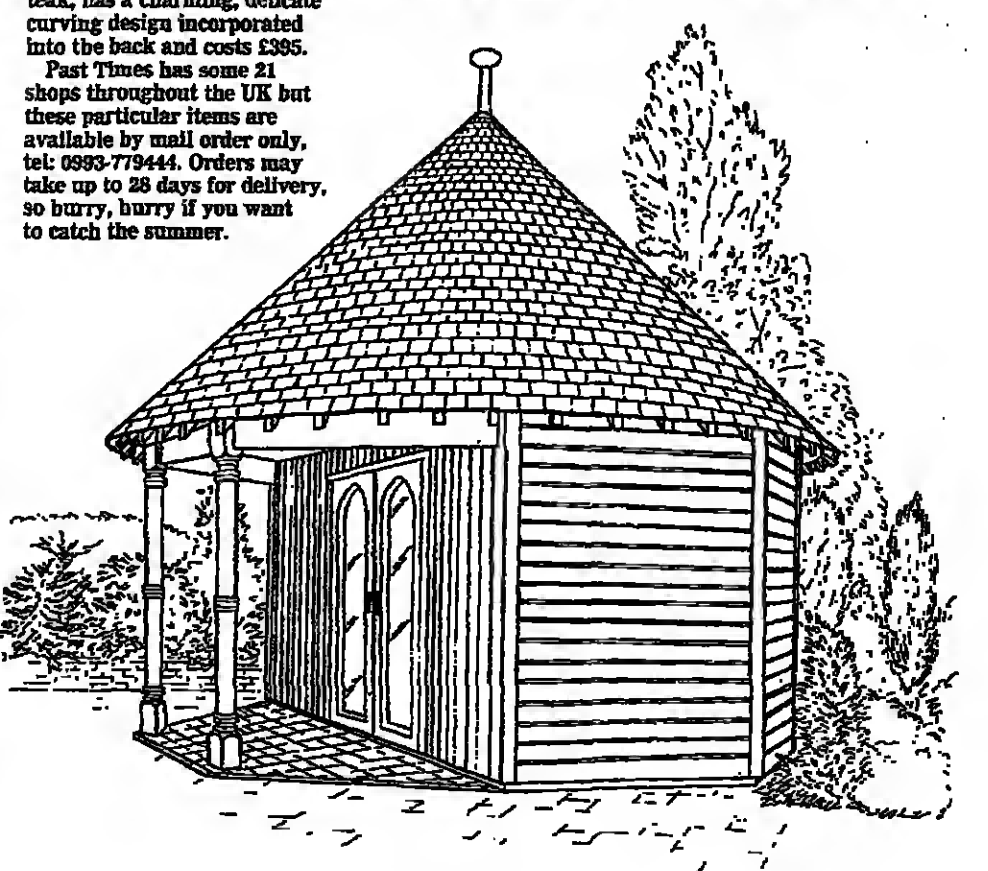
The company delivers and installs the buildings but asks customers to provide the concrete base. Prices range from £2,500 to £8,000 - a hexagonal gazebo with open sides and iroko railings would cost £2,971 (including delivery, installation and VAT) whilst the rectangular pavilion pictured above costs £5,436.

For a leaflet illustrating the main designs write to The Secret Garden Company of Ware, Hemel Hempstead, Hertfordshire, SG12 0XN. Tel: 0920-462081.

When Robin and Mary Ellis wanted a summer house beside their swimming pool they remembered the lovely Kentish oast house they lived in years ago and used its distinctive, pleasing lines as the basis of their own design. It was such a success, and so many friends wanted one, that they set up in business providing miniature oast houses. A team of first class builders will put one up in two weeks once planning permission, site surveys and other boring necessities have been gone through. They are built on proper foundations and are more of a real house than a

summer house. Shiplap cedarwood is used for the octagonal walls and clay tiles for the conical roof. Douglas fir hand-turned pillars are on the veranda. The doors are either of mahogany or Douglas fir and come with brass or wrought-iron furniture.

The result, pictured below, could be used for a host of purposes - study, playroom, artist's studio, gym, home office. They come in two sizes - 12 ft or 17 ft in diameter, for £15,000 or £18,000 (plus VAT). Write to Robin and Mary Ellis, Ramwood, Horsehead, Cambridge CB1 6QZ (tel: 0223-902566) for details.



Book Fairs

A capital feast of fine reading

BOOK FAIRS IN LONDON IN JUNE

Date	Name	Hotel	Time	Entrance
Friday 18	PBFA 1	Russell	2-7pm	£2 for catalogue
Saturday 19	PBFA 1	Russell	10.30-7pm	Catalogue Free
	Bloomsbury	Royal National	10.30-7pm	
Sunday 20	PBFA 2	Russell	2-7pm	Catalogue Free
	Bonington	Bonington	9.30-7pm	Free
	Bloomsbury	Royal National	10.30-7pm	
Monday 21	International	Cafe Royal	2-7pm	£5 preview
	Bonington	Bonington	9.30-7pm	Free
	PBFA 2	Russell	10.30-7pm	Catalogue
Tuesday 22	ABA	Park Lane	5-6pm	£15 preview
	Bonington	Bonington	9.30-4pm	Free
	International	Cafe Royal	10-7pm	£1
Wednesday 23	ABA	Park Lane	11-8pm	£6 for catalogue
	International	Cafe Royal	10-8pm	£1
Thursday 24	ABA	Park Lane	11-8pm	Catalogue

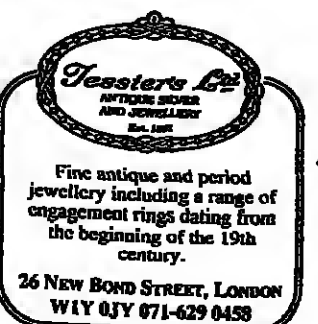
can sometimes intercept bargains on their way up the market. More expensive books are to be found at the International Book Fair at the Cafe Royal near Piccadilly Circus. The culmination of the week is the ABA Antiquarian Book

Fair at the Park Lane hotel in Piccadilly opposite Green Park. Now in its 34th year, this is a truly international event with exhibitors from the US, Europe, the Middle East, and elsewhere. Books to the value of £150 are on offer this year.

The tiny 32-page collection of poems of Wilfred Owen, which Sassoon published in 1920 and which was the start of Owen's fame, costs £35; the longer edition prepared by Blunden in 1931 costs £30 (from Martin). As usual there is a fine selec-

tion of colour plate topographical books priced in the low thousands. A splendid letter from Mary Queen of Scots instructing the Earl of Bothwell to hunt down rebels is offered at £25,000 (Wilson) - a few months later Bothwell murdered the Queen's husband and took his place. Susan Bilkcliffe offers a collection of catalogues of artists' materials of the 1890s, works of art in their own right, at £2,000. Especially appealing are two albums of songs and other music, discovered 15 years ago, transcribed in manuscript by Jane Austen and other members of her family for £21,000 from Finch.

William St Clair



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مكتبة الأصيل

Flower power for a very Nineties summer

The floral frock is back. But, says Avril Groom, the modern version is a long way from Laura Ashley



IT IS 40 years since Laura Ashley started making tea towels and aprons on her kitchen table in London's Plumico and 25 since she launched the first of her printed dresses that were to alter the fashion perceptions of a generation of British women.

DESIGNER CLOTHES AT GIVEAWAY PRICES

A new book reveals how and where to buy designer clothes at up to 75% discount. This book is of vital importance to everyone interested in presenting themselves in the very best light at all times without having to spend a fortune. Here are a few of the tips covered in this *Designer Clothes Discount Guide*:

- Where to find original samples, including designs which were never sold to the general public and which are quietly sold off at cost prices.
- How to get cancelled and returned orders of designer clothes at steep discounts.
- What to look for when buying overruns, which go at whatever price they will fetch.
- What to look for in seconds, some of which have nothing more than a drawn thread or a few missed stitches and then only apparent on close inspection.
- How and where to find surplus fabric at a fraction of their original cost.
- How to get on a top designer's mailing list for end of season sales.
- 24 'permanent' sales shops where you can buy top designer clothes at large discounts all through the year.
- 4 important group sales events where you can purchase designer clothes at wholesale prices or less.
- 10 places handling designer fabrics at steep discounts.
- Where to buy Karl Lagerfeld, Ungaro, Gianni Versace, Giorgio Armani, Byblos, Valentino, Gucci, Christian Lacroix, Miyake, Ralph Lauren, Christian Dior, Frank Usher, Arabella Pollen, John Galiano and many, many other top designer clothes for less cost than you could ever imagine.

Get all the facts. Order *The Designer Clothes Discount Guide* today direct from the publisher and save. To order send name, address and the book title together with £12.95 (includes handling and despatch) to Carrell Ltd., Dept DCI, Alresford, nr Colchester, Essex CO7 8AP. You can return the book within 30 days for a full refund if not completely satisfied.



This year, appropriately, the floral frock is back - but what would the late lamented Laura make of it now? She was designing in a tradition going back to the 18th century, fabrics from which inspired some of her flower-sprig prints. The tradition periodically surfaced in fashion until the 1920s. Historically it belonged as much to the milkmaid in simple printed cotton as to the lady in summer garden silks but, if fashion can be said to mimic television series, the Ashley look was aimed Upstairs rather than Down. It was essentially British, rural and, in the early 1970s, aspirational.

The floral frock's latest reincarnation is none of these. Now that design thinking deems it unworthy to look like a possessor of wealth, inspiration comes from the opposite end of the social scale. In this case that means either wartime flea-market Parisiennes with drooping cigarettes and clumpy wedge sandals, or East European gypsy refugees and their sanitised fashion equivalents, the neo-hippies in mismatched print layers.

The roots of this odd skew.

City girls from Calais to Brindisi are wearing the concierge look

ing of a classic look are decidedly French. The young Parisian deconstructionists have embraced it enthusiastically, with designers such as Martin Margiela seeking out 1940s dresses to recut and mix with devastating effect. But the origins of it lie with the often-prophetic Jean-Paul Gaultier, a disciple of bondage corsetry and mannish tailoring who first showed he had a softer side with a memorable mid-1980s collection of faded flower-print chiffon overalls, aprons and lingerie lace, layered over his usual pinstripes. He called it "La concierge est dans l'escalier" and has said since that he has "the tastes of a concierge".

Now this is what everyone claims and, though Gaultier's look took some time to take off, by last summer every city girl in France and Italy looked like a concierge in a floppy, navy or black sprig-printed button-through frock worn with tennis shoes and tanned legs (still perfectly good styling for hot weather this year).

On the catwalk, printed overalls and turban-tied headscarves came even from that icon of 1980s success-dressing, Chanel. Add an injection of American grunge nostalgia and the resulting style makes you look, even if you inhabit a large country house, as if you

should wield the duster rather than the purse strings.

It sounds unpromising, yet this is a style with charm and practicality. The secret of making it look good is, as with so much of this summer's fashion, in the layering. Too often the traditional British floral frock does not tally with the traditional British summer climate and disappears under ill-assorted cardigans or coats. This year that is exactly what it is supposed to do, but naturally the results are best if it is thought through and co-ordinated first.

Colour-matched mixed prints, stripes and spots can look richly wonderful, if slightly Bohemian. A classic floral frock from last time round passes muster if you give some fresh thought to layering. Put a striped T-shirt or a skinny jumper under it, making it more useful on cooler days, plus another cropped or skinny knit on top. In warm weather, sandwich it with this summer's light, transparent layers such as a lace camisole, a loose chiffon shirt or a crocheted waistcoat.

Strappy dresses that will become sunfrocks in high summer can be layered pinafore-style for now. And why stick to one dress when you can wear two? A button-through frock can double up as a fluid coat, this season's favoured way of expressing softness and newer-looking than a jacket. By wearing the dresses together or separately you also multiply your choices.

This need not be an expensive option. The floral frock is everywhere, from chainstore versions not much over £20 through the middle of the market to designer originals such as Ralph Lauren's fragile silk slip at £700-plus. The designer and gives you silk, chiffon, subtle prints and more swirly fabric for your money; the middle good shapes but a tendency to polyester; the chainstores offer still nice floppy viscose, though with a skimpier one-sized cut, shaped with ties at the back and, harking back to the 1940s originals, a resurgence of shoulderpads.

The comforting thought is that, after the passion for layers has faded, all these dresses will slide easily back under a plain tailored jacket to become the classic British summer look once more.

To show how concierge style suits gracious summer living, we photographed it at Llanggoed Hall, the Wye Valley hotel owned by Sir Bernard Ashley and decorated by his son Nick, former design chief of Laura Ashley. Here we show how, mixed with other good, simple pieces, the chintzy print can look softly elegant - just like the floral frock.



Top left: viscose georgette dress, £149 from Alexon, New Bond Street, London W1 and Debenhams branches. Silk cardigan, £140 from M. Peal, Burlington Arcade, W1. Piccadilly, W1 and Bromont Road, SW3. Polyester chiffon camisole, £19.99 from Knickerbox branches. Garnet and silver necklace, £210, garnet and gold-plate bracelet, £105, both by Barbara Bosh Nelson from Harrods, Knightsbridge, SW1. Harvey Nichols, Knightsbridge, SW1. Whistles branches, Moore and Co. of Windsor and Little Black Dress of Leeds. Shoes by Freda, £99 from Plum Line, Neal Street, WC2. Above: silk chiffon dress, £120 from selected Laura Ashley branches. Silk rib knit top, £109 and cardigan, £198, both by TSE from Harvey Nichols and Harrods. Shoes, £85 from Red or Dead, High Street Kensington, W8, Neal Street, WC2, Manchester, Birmingham and Leeds. Hat (on bureau), £14.99 from BHS.



Top: viscose dress, £44.99 and tie-up blouse, £18.99, both from Oasis branches. Long crocheted waistcoat by Rina de Prato, £175 from Harvey Nichols. Espadrilles, £20 from Red or Dead. Hat by Herald and Heart Hatters: £25 from Fenwick, New Bond Street, W1. Umbrella by Totus, £19.99 from John Lewis, House of Fraser, Debenhams and Alders branches.

Above: silk dress, £350, and scarf to order, from Edina Ronay, Kings Road, SW3 and Harvey Nichols. Polyester chiffon blouse, £80 from Jagger branches. Crystal cross, £98 from Laique, New Bond Street, W1. Espadrilles, £25 from Church's, New Bond Street, W1.

I have come to the conclusion that these days it has become too easy to be absorbed in the practicalities, and that one must take care to keep a place in our busy schedules for the life enhancing qualities of luxury, craftsmanship and a little fantasy.

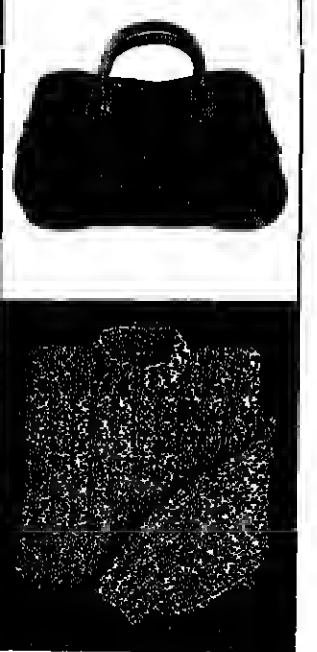
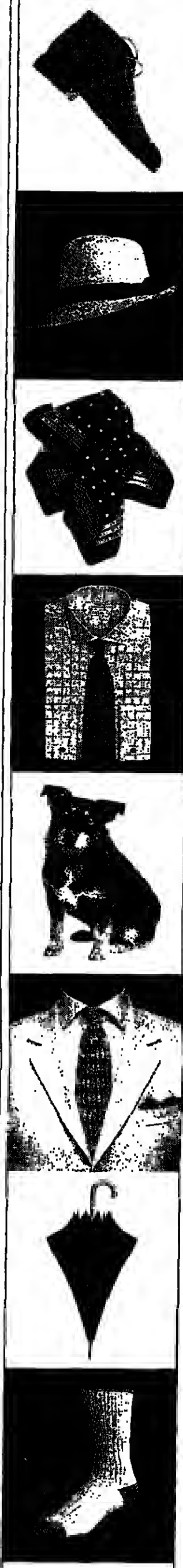
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TRAVEL

High hopes of intrigue on the Andalus Express

DAY 1: Seville - Cordoba - Granada:
Glass of Jerez fino in hand, I stand at a swaying bar. Beside me is a woman, dark and dressed in red. Her voice is low, her accent mysterious. Her bangle earrings swing to the rhythm of the train.

Framed in the window behind her I can see a Mediterranean spring racing by. But for the moment I am not interested in olive trees, sunflowers and white cottages. I am interested in foul deeds. The woman's eyes have narrowed. "Murder," she whispers to me. "What we need is a good murder."

Beatriz, of course, is only kidding. We are not discussing foul deeds at all, but the reputations of luxury trains. She is one of the red-uniformed hostesses who sees that things run smoothly on the Andalus Express. I am one of 36 guests who have boarded for a four-day tour of the cities and countryside of Andalusia in southern Spain.

We both agree. Nothing ever did any train so much good as Agatha Christie's story of violent death on the Orient Express. What matters is not that the Orient Express is no longer oriental - it terminates in Venice - but the cabaret remains. Intrigue, mystery and hidden passions have become an important, perhaps vital, part of the romantic lure of luxury train travel.

There has not been foul play aboard the Andalus Express so far, but there is plenty of mystery. It is an odd thing to be thrown into intimate contact with total strangers in the close quarters of a rushing train. I gaze down the length of the wood-paneled, art-deco style bar-car at the assembled guests awaiting dinner.

We may come from different countries, but as a group we are middle-aged and middle class. We appear, superficially, profoundly ordinary. It is possible that there are hidden passions and secrets here? On trains, where the mystery of fellow travellers is only slowly unfolded and never wholly revealed, anything is possible.

Only this morning, as we toured Seville, we were merely 36 faceless tourists in a larger crowd of faceless tourists. In the Casa Pilatos, our first encounter with the Moorish traditions of southern Spain, we listened as our guide, Maria-Teresa, introduced us to the architecture of horseshoe arch and colonnaded courtyard, domed roof and polychrome tile. Our comments on the bougainvillea in the gardens were polite but distant.

Not even the overpowering Santa Maria cathedral, where we walked craning upwards like Lilliputians on an inspection tour, brought us together. The only things as stiff as our manners were our necks.

It was during lunch, served as the train

rolled along the flat plain between Seville and Cordoba, that the ice began to break. In a lavish dining car of brocade upholstery, pale rose curtains and floral inlay wall panels, we worked our way, with a little gentle cajoling from the waiters, through a vast menu: asparagus soup, salmon and codice salad, seafood mousse, battered fried squid, whitefish with fresh asparagus, veal in red wine sauce, cheese, fruit and three different deserts, including kiwi cheesecake.

This is not the kind of meal that goes without comment. Halfway through it, helped by liberal doses of rich red Rioja, American, Swiss and even the British - the most reserved travellers in the world - were beginning to delve into the lives of their neighbours.

At my own table, Thaddeus is Norwegian and somewhat short on light humour.

Nicholas Woodworth
yearns for mystery
and passion on a luxury
train journey

Dark and brooding, he seems to have escaped from an Ibsen play. Tom and Karen are not from an Ibsen play, but from Chicago. True, they have some lamentable American habits. They drink Coke Lite throughout their meals. Tom tells questionable jokes, the Waco massacre being his current source of inspiration. He keeps two handguns in his house. And he admires Bruce Willis.

But all is forgiven because Tom went to school with Hillary Clinton and has the latest family dirt. Hillary, it seems, has begun throwing things at Bill. First it was a lamp, then a telephone. With this grade of information, Tom is a man I could have more than a lunch or two with. I cannot figure out whether he is a gangster or a society gossip. Following our afternoon walking tour of Cordoba, I am almost certain he is not an architect. For Tom, the great Cordoba mosque, with its 856 magnificent stone columns topped with red and white double arches, is "kinda cute."

Day 2: Granada - Ronda:
Last night, before retiring to bed with a copy of *Dial M for Murder*, I stole into the lounge for a little after-dinner dancing. As the train rumbled through the dark towards Granada, couples clung together for support and swayed over the dance floor to the rhythm of the train and the music provided by Pedro the piano player and his electronic Yamaha.

Actually, I find Pedro as mysterious as anyone on this train. He is an accomplished musician. But sometimes, in the middle of some emotional piece, he gets up and walks away from his Yamaha, leaving it playing by itself. Anyone who can be so open about deception has to have something to hide.

On the other hand, even Agatha Christie herself would be suspicious of just about every one of the Andalus Express' 23 staff. What, to cite only one example, about the lovely Pilar? She is gorgeous, a delicate Andalusian beauty with flashing eyes. She claims to be the train's technical engineer, on hand to repair electrical systems, plumbing or air-conditioning. A likely story. I do not believe a word of it.

Or what about the American mystery couple who came aboard with their own stock of American drinking water? They emerge from their sleeping-car suite only occasionally for meals and tours, and are the subject of intense lunchtime speculation. Honeymooners? An easy enough cover. Certainly they made a good show of it strolling hand-in-hand through the palaces and gardens of the Alhambra this morning. And then suddenly, this afternoon, at the tiny rose-hush-smothered station of Salinas high up in the Andalusian hills, they disembarked without a word, taking their cases of water with them.

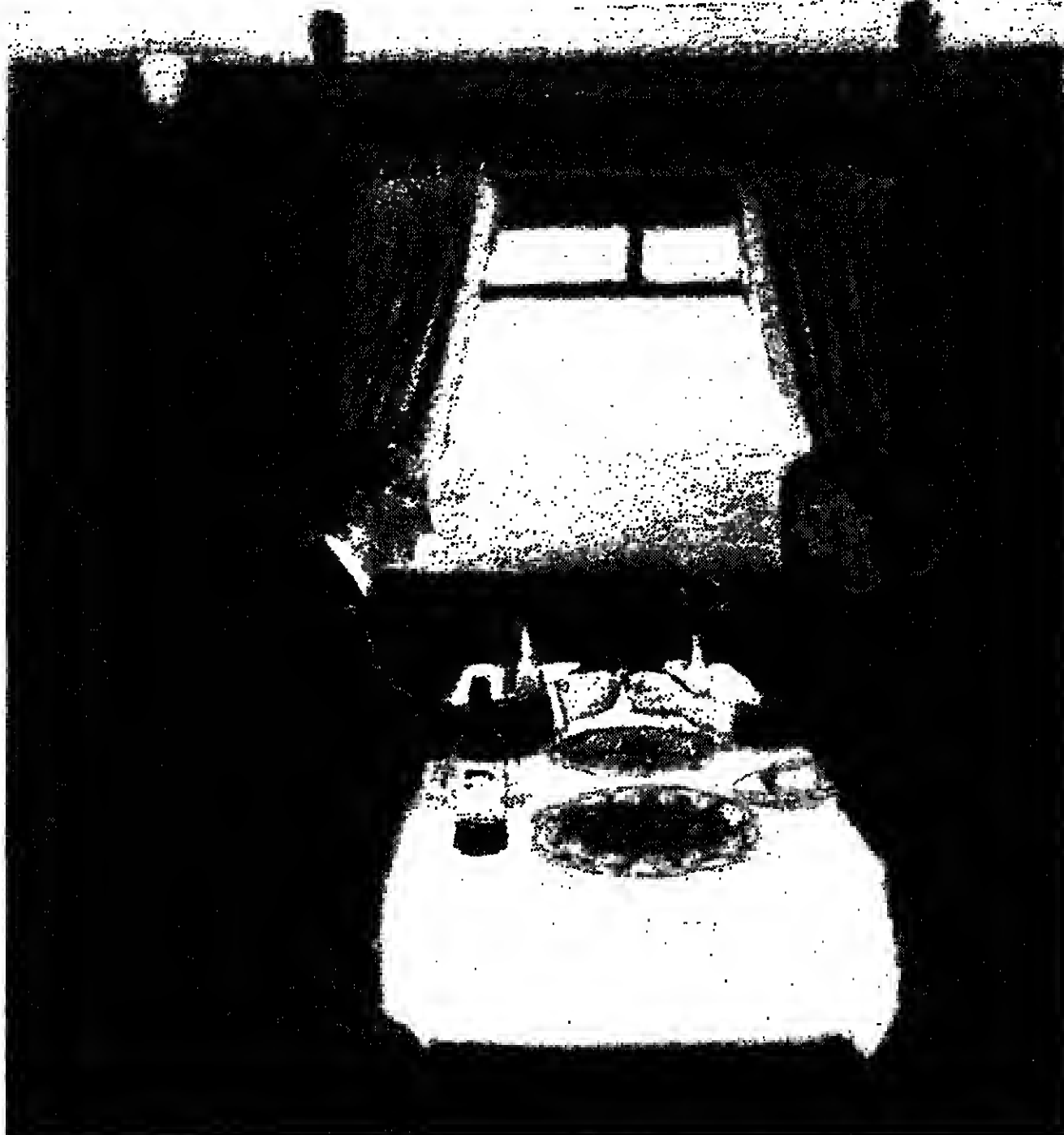
Run goings-on indeed. Poirot would not have stood for it. I am going to bed with *The French Quarter Killers*.

Day 3: Ronda-Puerto Santa Maria:
The rain in Spain falls mainly on the train. The local guides who show us around the towns we stop in keep telling us that Andalusia is an extremely dry place, but even the weather is acting suspiciously: it is pretending it is English. Today, in the mountain town of Ronda, it is bucketing down. We abandoned our pose as luxury travellers and walked through the rain with plastic bags on our heads.

I have added eight more passengers to my list of potential perpetrators of possible crimes. They are four English couples from Coventry who travel everywhere together. Odd in itself. Apparently, the men were executive co-owners of a Midlands engineering firm until, suddenly, a couple of years ago, they upped and sold the company and began a high life of "retirement." The dining car is abuzz. There are jokes about spare parts and big guns for Iraq.

I am off to bed for a couple of chapters of *In Cold Blood*.

Day 4: Jerez-Seville:
The vast meals in the Andalus Express'



dining car are beginning to tell. This morning, dressed in our bathrobes and heading in opposite directions to and from the shower car, a rather large woman and I almost failed to negotiate the narrow corridor of carriage No 4. Any more of this kind of eating and passengers will not be able to slide past each other at all.

The programme continues at a hectic pace. Today we will be visiting and wine-tasting at the Domecq winery, one of the oldest and largest sherry houses in Jerez. We shall also be attending a performance at the Royal Spanish Riding School. Once

again there will be an endless lunch before we return to our starting point at Santa Justa station in Seville. The tour is almost over.

But I, for one, have not given up hope. The mystery and intrigue remain until the last minute. How might it happen? A glass of poisoned Double Century? A rigged accident of rearing horses and flying hoofs? Death by over-eating? And to whom? Pedro the piano player? Tom from Chicago? One of the Coventry crew? The lovely Pilar? The possibilities are endless. The ultimate in train fantasies might still

come true. There is time yet for murder on the Andalus Express.

Nicholas Woodworth travelled to Seville on Iberia Airlines (London tel: 071-437-5622). His trip on the Andalus Express was arranged by Cox & Kings Travel, St James Court, 45 Buckingham Gate, London SW1 (071-834-7472). Cox & Kings offers an all-inclusive Andalus Express package - including airfare, London-Seville - for £1,450. It offers various other luxury Spanish train circuits. Next week: more journeys by train.

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TRAVEL

Pools of plenty in a parched land

Namibia's water holes are a magnet for all forms of wildlife. Michael Woods reports

PEOPLE LINED the walls three deep, murmuring to one another with the hushed reverence of a religious ceremony, the anticipation of a theatre audience and the suppressed excitement of a rock concert. Floodlights bathed the stage and yet we did not know who would star, what the performance would be, or even if the show was to go on.

Then, soundlessly, a hook-tipped rhino cow entered the light followed by her calf. Silence fell at the sight of these rare beasts - followed almost at once by a restrained gasp, for they were trailed by a lion and a lioness. Then, to the rescue, came a male rhino, and the lions backed off. But, like all the best dramas, the hero's motives were far from pure: the rhino was more interested in having sex with the female than in saving the calf. Meanwhile, enter stage right a grinning jackal, head held high with a guinea fowl grasped in its jaws, before exiting stage left. Okaukuejo's water hole on a Saturday night is certainly the place for action.

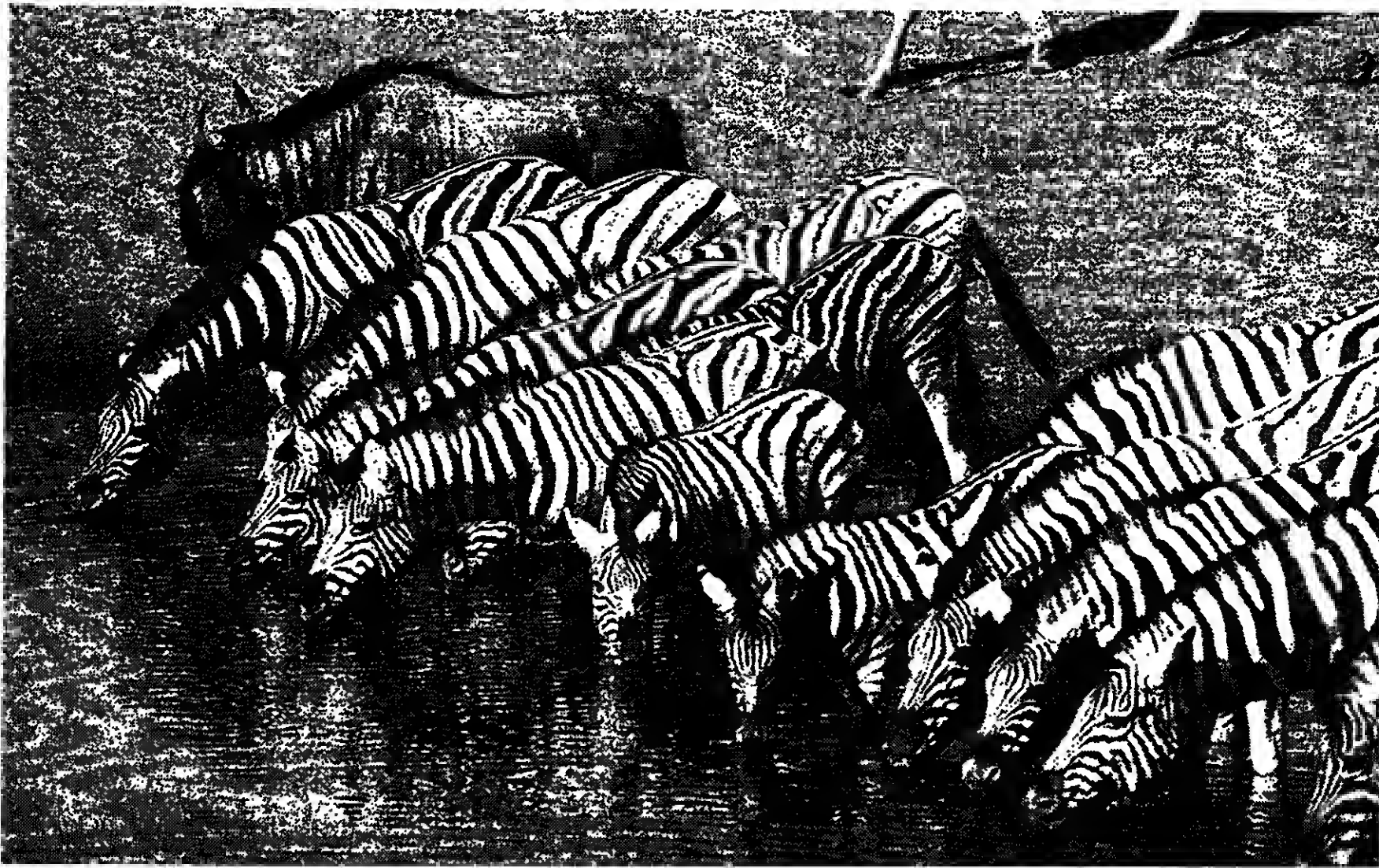
This is the largest of Etosha National Park's three rest camps, and its floodlit water hole is a perfect way for people to enjoy exciting African mammals without being confined to a vehicle. Namibia's vast distances mean many hours on the road, and Okaukuejo came as a welcome break.

Etosha is best known for its immense white pan - acres of dried mud with a far-off glitter, as if from an incoming tide. It floods rarely, though, and then with water twice as salty as the sea. The wildlife is attracted to the many perennial springs along the pan's southern shore, and there is constant activity at these shrinking pools. Elephant families wash and drink with abandon, nervous kudu approach with infinite caution, and groups of ostriches drink alternately, their heads smoothly lifting and falling like the well-oiled parts of a machine, some scooping water while others swallow, watching for danger.

Once, an observant giraffe, staring from on high, located a skulking leopard slinking through the bushes on the far side of the water.

France-sized and with about 1m inhabitants, Namibia is still wild enough to have significant numbers of game outside its parks, and any water in this parched country draws animals like moths to a candle. We watched rare desert elephants pad in to drink at Palmwag and stay to browse the well watered grounds of the rest camp through the night. Many hundreds miles south, in the Fish River Canyon, a distant pair of olive klipspringers on ballet points danced nimbly down the smooth rocks to drink from one of the remaining pools on the canyon floor.

Prior booking and a doctor's certificate are required to walk this canyon, which is second only to the Grand Canyon in size. Walkers complete their five-day trek at Ai-Ais, a hot spring resort in the midst of the stony desert where the outdoor pool, as warm as a bath, discourages all but the laziest of strokes, while the two whirlpool baths are almost too hot for anything but



Zebras and a wildebeest gather at a water hole in Etosha National park, Namibia

a tentative toe.

Not all of the Namib is stony, though, and the Sossusvlei area boasts the highest dunes in the world. Lofy, and with dramatic peaks, their sandy faces are sheets of colour which, in the changing light, take on the pinks, creams, oranges and greens of ice cream, a strange sight for a desert.

The long ridges beg to be climbed and, labouring upwards over the shifting sand, I was suddenly aware of a profound silence. Conversations on a neighbouring dune over half-a-mile away were easy to hear. The ranges of sand roll away in all directions, apparently without life, although an occasional oryx with ribs showing through corrugated flanks somehow ekes out a living in this barren land.

Awesome though it is, this giant sand pit is also fun, and suddenly we were running and tumbling down the steepest face, though not with quite the same whooping abandon as the two Frenchwomen who followed us.

Diamonds were found among the sand grains on the surface of the Namib during the last century, and the mining town of Kolmanskop was established in the midst of the desert. For a time it flourished, its communal hall seeing plays and gymnastic displays put on by the fit young German immigrants living there. As the diamonds failed and the focus of interest moved towards the sea, the town fell into disrepair and is even now being drowned by waves of sand.

Another town which reflects Namibia's German colonial past is Swakopmund but, far from becoming a ghost town, it has just celebrated its centenary. Regarded as the country's premier holiday resort, it attracts the residents of a summer-baked Windhoek to enjoy its coolness and even its cloud. The chilling Benguela Current brings thick mists rolling in from the Atlantic to moisten the air; in the past, it also brought numerous ships to founder on the rocky western shore.

Swakopmund is almost more German

than Germany itself. Its colonial architecture has been lovingly preserved and, after the rigours of the desert, the pastries in its cafés and the Teutonic dishes to be enjoyed in its restaurants seem luxury indeed.

Although distances are great and the roads long, dusty and ruler-straight to the horizon, possibly 30 miles away, one of the joys of driving yourself in Namibia is the chance to stay on its guest farms. Unimpressive in appearance, Otjitambo turned out to be a gem. We dined on fresh produce, home-made bread and game shot on the farm, overlooked by a set of oryx heads collected specifically for the odd twists and turns to their normally slightly curved horns.

At dawn, we climbed a nearby kopie of rounded granite boulders adorned with grey-barked ghost trees to watch the sun rise; in the evening, we soaked the dust away in a deep bath fed by one of the two hot springs in northern Namibia. We stayed just one night, but a week

would not have been too long.

Michael Woods was a guest of Air Namibia and Namibia Tourism, which share a London office (tel: 081-543-2122; fax: 081-543-3398). Air Namibia flies directly from Heathrow to Windhoek, Namibia's capital.

Companies offering fly-drives to Namibia include: Sunvil Holidays (tel: 081-568-4499); Southern Africa Travel (0904-592469); Art of Travel (071-738-2038).

Driving on Namibia's tarred roads is easy. There is little traffic and driving is on the left. Great care is advised on dirt roads, however, and a maximum 50mph is recommended. You should carry water, extra fuel and at least one spare tyre.

Living is cheap with fuel at 80p a litre (cash only), restaurant meals with wine about £10 a head, and full-board accommodation £30 a night or less. Camping is simple with plenty of good facilities; equipment can be hired.

Let down by tyre trouble

THE SPARE tyre, fitted after a puncture just six miles before, went down with a despairing hiss, a sharp atone at kicking through its tread. We were 60 miles from the nearest settlement, Khorixas, on the bare ochre slopes of a dried-up river valley in the deserts of Damaraland.

I took off the offending wheel, dumped it with the punctured tyre it had already replaced and lowered the rear hob of the Kombi on to a large stone. There was no shortage of large stones. Then we sat in the shade to wait.

It was my lucky day. Within 20 minutes, a remarkably short time on these infrequently used roads, a couple of fellows drove up with two tyres of their own to be mended. They had left a second, crippled vehicle on the road behind us. Not only were they going into Khorixas and coming back but their estate car was fast, comfortable and air-conditioned.

We hurried into the tyre repairers. Fortune was still smiling for there was a bank opposite and I needed more cash to pay for the work.



Theo it was discovered that one of my punctures could be mended but the other, the spare, had been so shoddily repaired previously that the stone had ruined the tyre. Fortunately, among the nine assorted new tyres on the rack was one that fitted the wheel, but at a cost of £100 - wine might be cheap here but rubber was certainly expensive.

With all four tyres repaired or replaced and inflated, the three of us returned in air-conditioned comfort to the desert and to our respective vehicles. Our new tyre lasted precisely 20 miles before puncturing. Lady luck was in fickle mood. But we limped to the garage in Khorixas once more, just in time to mend our third puncture before it closed.

A whole day had gone. But the following morning we were able to swap our Kombi for a 4x4 with tougher tyres. And the hire company looked kindly on our contention that the puncture in the spare supplied had been poorly repaired and refunded the money for the new tyre.

Michael Woods

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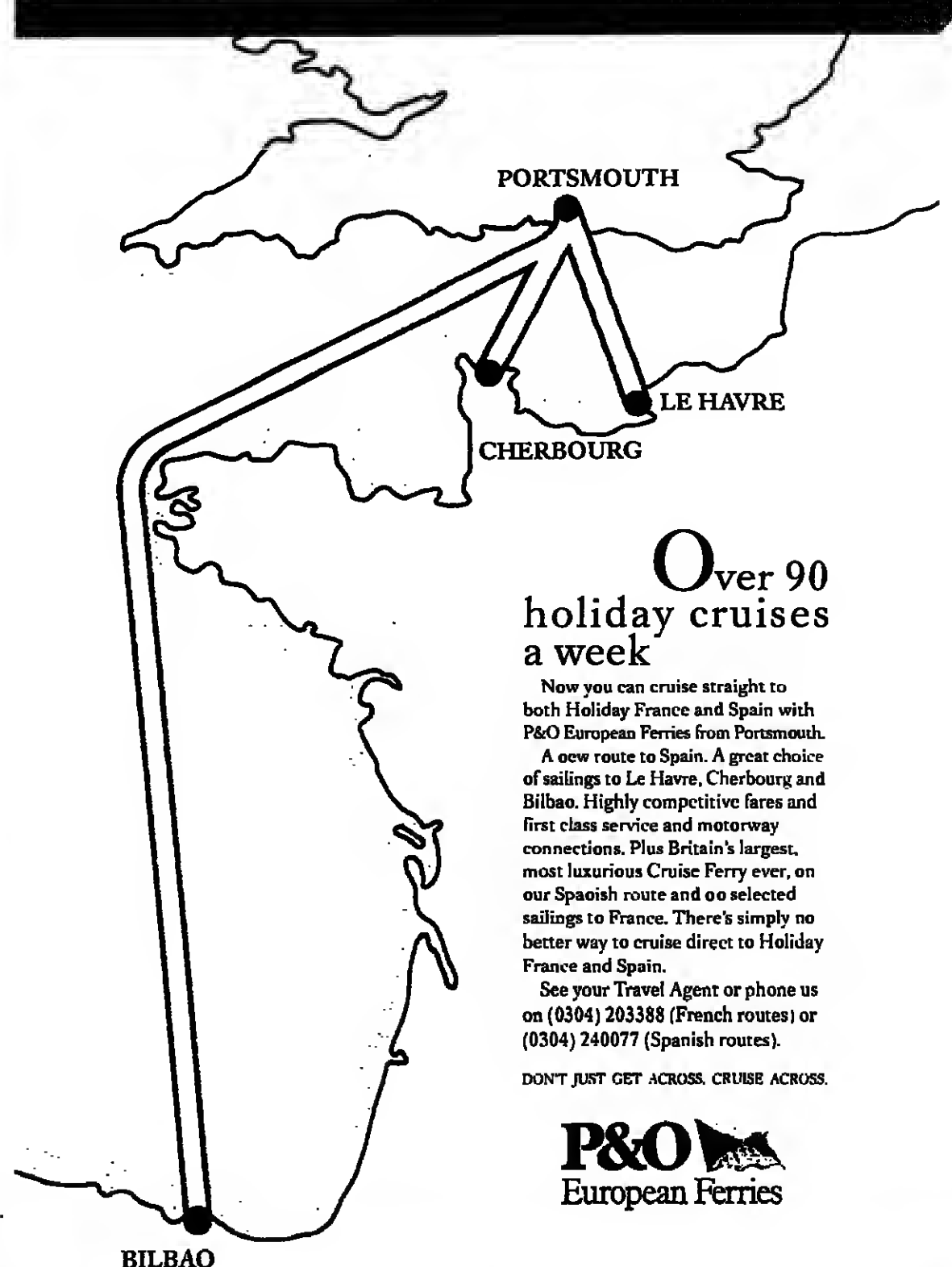
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FOOD AND DRINK

Shanghaied by Chinese shrimps

Kieran Cooke admits murder but claims there were mitigating circumstances

I AVOID dark places. I never swim. In restaurants, I always sit with my back to the wall, facing the door. A posse from POSS is after me. POSS, the Protection of Shrimps Society, is deeply upset. My crime? Eating shrimps. Live. While kicking and screaming, their little black ball eyes still quivering. A trial has been called for. At the very least, I am in for a ticklish assault by a thousand shrimps. It is not a pleasant prospect.

I plead guilty to the charge, but there are mitigating circumstances. My crime was not premeditated. The shrimps forced themselves on me. There were also deep confusions of language and culture.

It was in China - Shanghai to be precise. Lunchtime, and hunger is gnawing at the system. A likely, if slightly scruffy, restaurant on the corner. I navigate my way across in a little street. "What", says the smile-

ing lady of the restaurant, "would you like?" My Shanghai dialect is a trifle rusty. I try a few words. A crowd gathers, trying helpfully to interpret. "What is he talking about - has he a pain in his stomach?" "Now he's waving his hands about. He's pretending to be a fish. Foreigners are peculiar."

Finally, the light dawned, or so I thought. Yes, I would have the soup, the fish, the dumplings and some rice. Everyone seemed overjoyed at this linguistic breakthrough. Handshakes and eternal friendship pledged between the Chinese and Irish peoples.

I sit back and wait.

The fish arrived, big enough to feed six, its gaping mouth stuffed delicately with coriander and baby tomatoes. The dumplings were next. Dumplings, or *jizao*, are something of a Shanghai speciality. Steamed or fried, dipped in a little chilli, they slip down the gullet

with consummate ease. My stomach put up the green flag. All was well.

Some thin slices of pork followed, served on a bed of stewed jellyfish. Just like eating rubber bands. Takes one back to one's schooldays. All remarkably good. Some soup - made out of chicken broth with wild mushrooms. The amber flag is going up. The stomach says it is reaching capacity. A gulp of the local, very good, beer to stabilise things.

A traffic policeman sits down, wearily, at the next table. Poor man, he must go home each night with a thousand bicycle bells ringing in his head from Shanghai's 7m bicycles.

A covered dish arrives. A few beads turn to watch. I lift the cover. And this is where the trouble with POSS started.

Inside the dish were about 50 small, dark-looking shrimps. Not

just alive, but doing trampoline exercises. Leaping and somersaulting all over. The restaurant lady darted forward quickly and replaced the cover.

Shouldn't they be cooked, just a little? I asked. No, she said emphatically. These are a Shanghai speciality. If you even show them a wok, all their flavour will go.

But how do I eat them? The lady obliged. You simply pick one up with your chopsticks, dip it in the sauce - a mixture of Chinese wine, dark sauce and chilli - and then bite it, just there, behind the head. Then you suck away, leaving behind only the shrimp's empty armour.

Even the bicycled-out policeman had turned to watch. Too late to turn back now. A challenge. A stiff upper lip and firm grasp of chopsticks was called for.

I lifted the cover. Shrimps cartwheeled out. I caught one and

dipped it in the wine. Presumably, the shrimps are supposed to enter the next world happily sozzled. Not so this one. Halfway to the mouth he did a triumphant flip, flicking Chinese wine into my eye while disappearing somewhere behind my left ear.

Guffaws from the restaurant. An old man wiped the tears from his eyes. A young girl giggled until her cheeks were ablaze.

I tried again. Success. And here I have to make a terrible admission. The shrimps were very good. The best I have ever tasted. Sweet yet bold, with a heady piquancy about them. But eating all of them was a tiring business. The stomach had put up the red flag long ago, but no matter. To leave one shrimp would have been a grave gastronomic sin.

Of course, none of this goes down well with the POSS gang. The consumption of live shrimps is all right, it seems, for the Shanghai-



ness. But if the habit spreads to the west, then all of shrimp society, as we know it, could be undermined. I have sent POSS pleading letters. I was hungry, I said. I was ignorant. The shrimps were happily drunk. I have promised to confine

my live shrimp-eating to Shanghai. I will not tell a soul about how wonderful it all was. But will POSS listen? I sense their little black eyes searching for me, their little legs swimming ever closer. They are an unforgiving lot.



Thomas Henkel: making a hobby of dining out

Labour of gastronomic love

Nicholas Lander considers a very individual food guide

I SAT opposite my guest at a booth in Bentley's in the west end of London and for the next two hours we talked restaurants.

There was no overt criticism of any particular establishment as there might have been if my guest had been a restaurateur, nor were there any of the guarded comments that can often be exchanged by two restaurant writers keen to protect information and sources of gossip.

But, in spite of my own enthusiasm and knowledge of restaurants, after our talk I knew that I had met my match. My guest, Thomas Henkel, a 44-year-old senior manager with Conoco, who manages its 270-strong fleet of chemical tankers from the gastronomic wasteland of

Wilmington, Delaware, had been to more restaurants, hotels and bars than most people in the food business.

And he had catalogued them all. Since he took up this hobby in the mid-1980s he had compiled a computer list, based on visits to more than 500 American eateries. Then, in late 1987, in a move which he described as one of the greatest pieces of good fortune to his life, he had been transferred to London when the American dollar was strong.

He was quick to take advantage of all that Britain could offer and then, when his job expanded, he travelled widely abroad. After 4½ years his word processor contained 1,789 entries including 1,001 on the

UK, 62 on Germany, 39 on Spain and 57 on China and 19 on Tibet, part of a holiday Henkel organised with the proviso that he organise all the meals personally.

Since his return to the US Henkel has put together another list containing more than 500 American entries so that his total now stands at just under 3,000. Each entry gives all the usual particulars, the bill's total, a recommended table or room, a short, descriptive note and a rating out of 10.

His rating philosophy is based on an amalgamation of food, service, ambience and most importantly, he believes, an appreciation of what the restaurant is trying to be. This allows him to rate a good local bistro on the same basis as a fine res-

taurant. Top marks go to Comme chez Soi, Brussels, in Schifchen, Düsseldorf, and L'Arlequin in London. Bottom of the class is a pub in London's West End and a bar in Texas. Finally, there are four graphs highlighting restaurant costs, cuisine types, number of visits per week and restaurant locations.

Although Henkel is aware of the commercial possibilities of his guide he is reluctant to pursue them at present. He enjoys his job with Conoco but says compiling the guide is a hobby which has made him a worldwide network of friends.

For a copy of Thomas Henkel's Guide send a self-addressed envelope to 16 Fox Hill Lane, Greenville, Delaware 19807, USA.

Tony Andrews

Wine or the grape: that is the question

SERENA SUTCLIFFE, head of Sotheby's wine department, was describing, at a discussion over dinner with the CIVB, the official wine organisation of Bordeaux, how difficult it is to persuade "what I call The Ordinary Wine Drinker" that he should drink basic Bordeaux rather than Bulgarian Cabernet.

"I wonder", she asked, looking deep into the president's eyes, "would it be possible for you to put a bit more *flavour* into your wines?"

The officials dutifully took notes and presumably, after a few dozen committee meetings, an instruction will be sent to the Entre-Deux-Mers region, which provides so much ordinary Bordeaux. Hold the subtlety.

The French in general, especially the Bordelais, are feeling particularly sensitive about competition from other countries at the moment - not least because their wine exports have dropped for the first time in a decade. The CIVB conceded one important point over this recent dinner to London. We managed to convince them of the folly of their stated party line that "Bordeaux should not be judged in the same league as New World wines... the criteria used need to be different". But they are determined to play according to different rules from the New World.

French appellation officials have decided to ban the names of grape varieties from wine labels. The irony is that once they start selling their wines as, for example, Chardonnay and Cabernet Sauvignon instead of Chassagne-Montrachet and Pauillac, then they agree to play the same game as New World wine producers and throw away their trump card: geography, or *terroir*. They are banking on the fact that, as far as geographical wine names go, they are centuries ahead of the Americans and antipodeans in terms of brand development.

But what is the most sensible way to label a wine? Until the perfect grape variety is found for every plot of vineyard and all wine drinkers know what that is (and we are a very long way from that), information about grape varieties is genuinely helpful to the modern consumer, even if printed in much smaller type than the name of the wine's provenance.

The French may find that their place-based naming strategy works

in the long term, but only if they are serious about improving quality in the lower ranks, which they tend to translate directly as curbing yields. (And this should certainly help to "put more flavour" in the Entre-Deux-Mers wines - although some parts of the region may be simply too cool to ripen red grape varieties fully anyway.)

What would you surmise from the word Tarrango on a wine label, for instance? This red in a burgundy bottle, new to Britain's shelves, may sound Latin American, but in fact it is from Brown Brothers, a 104-year-old family company based in the Australian state of Victoria.

A closer look at the italics under the label (which sets one thinking about how many wines are available in infinite quantity)

Jancis Robinson
considers another
New World versus
Old conflict.

reveals that TARRANGO is a new Australian grape variety, designed to yield light Beaujolais-juicy reds for summer drinking. At £4.50 from Waitrose it seems a good buy to me, with lots of fruit, no tannin, and something reminiscent of South African Pinotage about the aroma. Ironically perhaps, this specially-bred vine variety has in fact been named geographically, after a small township in Victoria.

The Bordelais may never feel seriously threatened by Tarrango, but the sensible ones are monitoring closely (or even participating in) what is happening just three hours down the autoroute in the Langue-doc. Many of the region's best buys are Vins de Pays labelled by grape variety, tolerated if not encouraged by the French appellation authorities, but more and more exciting Corbières and Minervois appellation wines are also emerging.

DOMAINE DES PENSEES SAUVAGES is a small property in the rugged heart of the Corbières run by British emigres Nick and Clare Bradford. Mirroring what the typical Brit thinks of English winemaking, I had never sought out the wine, but a bottle of their regular 1991 tasted recently was extremely

impressive: subtle (the Bordelais need lose no sleep), rewarding with food, and clearly made from old vines with care and passion. The 1991 costs £4.50 from Ben Ellis of Brookham, Surrey (0737-842160) which also has the 1991 Reserve. The 1990 is just £4.75 from Abbey Cellars of Yeovil, Somerset (tel: 0535-76223).

The most useful bit of information on most wine labels is of course the name of the producer. There are few producers who could persuade me to part with £7 for a bottle ranked only as a vin de table, the lowest French wine rank, but the small print on the label of LES COLLINES DE LAURE 1991 carries the name Jean Luc Colombo, one of the Rhône's most energetic and user-friendly oenologists. This excitingly vibrant red is made from his Cornas vines too young to qualify for the strictures of the Appellation Contrôlée authorities and offers a superior Syrah-with-a-story for drinking this summer (£6.75 from Adam Bancroft, 4-7 Great Pulteney Street, London W1 071-434-9919).

This young Master of Wine specialises in Under-appreciated, Eastern France. His VDQS Côtes du Vivarais 1990 from MAS DE LA BÉGUDE is staggeringly powerful and ambitious for £5.58, and knocks spots off the average supermarket Châteaufort-du-Pape. A wine to be drunk or kept, but certainly a name to be watched.

The name Denis Dubouard on a white Bordeaux label should alert wine insiders. LE SECOND DE BEYRON 1989, £5.45 from Odéon, is marvelously fruity, an adjective all too rarely applicable to dry white Bordeaux in my experience, although 1992 whites are better than most. Pomerol and Michel Roland is another insider combination, and Odéon again have his well-structured, full-blown generic POMEROL 1991, in fact his declassified Ch. Bon Pasteur, at £7.99 which is also ready for the dinner table.

Finally, evidence that the Spaniards at least are prepared not just to countenance international competition, but to take inspiration from it. Sainsbury's has the cleverly crafted, barrel-fermented NAVARRA VIURA-CHARDONNAY at just £3.99, perhaps too oaky for some palates, but a creamy full-bodied combination of one local and 90 per cent of another distinctly international grape variety.

A passion for perfect cheeses

Giles MacDonogh meets a woman on a serious food mission

MORE THAN any other foodstuff, with the possible exception of meat, cheese requires the most careful handling on the part of shops and supermarkets.

In the smaller supermarkets cheese presents a problem: swaddled in plastic and kept at maturation-inhibiting temperatures, the cheeses are robbed of any qualities they might have ever had. They might as well be used for cooking, for as often as not, attempts to coax them back to life by keeping them in a warm room fail absolutely.

Few things depress me as much as the sight of a secretary scurrying back to her office from the local supermarket clutching a piece of "Brie"

(generally from the Allgäu in Germany); a cheese which has never ripened and which never will, and which resembles in no respect the rare and remarkable cheeses which are still made to the Brie province in north eastern France.

From the depths of these black thoughts, it is wonderful to learn that there are still a few people who feel passionately for "real" cheese and who are ready, even to these times of cheese-stifling health regulations, to open a shop dedicated to the very best of European cheeses. One such person is Patricia Michelson of La Fromagerie in Highbury, north London, a shop which opened just two weeks before Christmas last year but which has already proved the most exciting new cheesemonger to appear in the capital since the launch of the Neals Yard Dairy in Covent Garden more than a decade ago.

This is not the first time that Patricia Michelson has come to the attention of this page. A few years ago she started a wholesale business which she operated from her garden shed. This tiny, 10 ft square shop, however, has been her first chance to offer a selection to

the public as a whole. They have certainly taken her up on it: as I sat interviewing her on a weekday evening, desperate cheese-lovers scratched anxiously at the door. On a normal day she can accommodate them: she is often open as late as 9pm.

The minuscule shop is already under sentence of

Truffle cheese is best crumbled over risotto and scrambled eggs

death, as the authorities want to turn the site into sheltered housing. Patricia is unworried. She already has her eyes on another premises across the road, and once the building work is finished she will get her old shop back, which she will turn into a charcuterie, selling hams and sausages.

Even now La Fromagerie finds space for good bread (including the tooth-shattering loaves of Lionel Pollan); Tuscan and Umbrian olive oils; pulses; sun-dried vegetables; honeys; and delicious raw-milk

butters from Normandy and the Charentais.

She also has a wide selection of olives which she makes up herself using recipes from around the Mediterranean.

Naturally the chief thing is cheese. Patricia was switched on to cheese by skiing holidays in the Savoy where she met the great cheeses of Franche-Comté as often as not made from the milk of the wonderfully named Abondance cow.

French cheeses are her first love, but the shop has much more besides. She is a hard woman to catch out: there are pungent, washed-rind cheeses from Belgium; mountain cheeses from Italy; Dutch and Swiss cheeses; great blue cheeses from the British Isles; all arranged in such a way as to encourage their ripening, so that here, as in a great French cheese-shop, you may stipulate the precise day on which you intend eating your cheese.

Nothing is bought from the London trade. The purchases are all made in the country of origin. This ensures that many of these cheeses are available nowhere else. Here are a few of Patricia's specialities:

- Parmigiano Reggiano (Parmesan) from Italy. The "Stravecchio" or "very old" is a white, winter milk cheese of the sort valued in Parma itself (£9.30 per lb). This should be placed on the cheese board and not grated. For grating there is a 1990 Parmesan (£7.30).
- Asiago from the Veneto in Italy. This hard cheese is often confused with Parmesan. It has a nutty flavour and a good tangy finish (£5.70).
- Truffle cheese from Piedmont in Italy. This is half goats' milk and half cow with a natural rind. This is a remarkable cheese with a very powerful truffle aroma. Patricia thinks it is best crumbled over risotto or scrambled eggs and eaten with a glass of champagne. It costs £16.00 per lb if you want real pieces of white truffle, or £14.60 for the cheese made with truffle-essence.
- Beaufort from Savoy (France). This two-year-old cheese is Patricia's pride and joy. The texture is already granular. This is a highly pungent cheese and requires a good glass of wine (£10.40).
- Brül from Belgium: a washed rind cheese of the Maroilles type. These cheeses are not for the faint-hearted. A similar cheese from Lille goes by the name of "Le Puant" (the

stinker). Eat with real ale (£7.50).

- Wensleydale from England. This cheese is made from half ewes' and half cows' milk just outside the famous Dales region but using traditional techniques which made the Dales famous (£6.10 lb).
- Gabriel from Ireland. A cows' milk cheese made to a Swiss recipe. Very nutty with a long finish (£7.50 lb).
- Crottin de Chavignol from the Berry (France). Many Grotins are rather hard by the time they get here, but this is young and fresh with a lemony acidity. She has older cheeses if you prefer. £2.50 each.
- La Fromagerie, 1A, Highbury Park, London (tel: 071-359-7440) is open weekdays from 10.30 until around 8pm, and on Sundays from 10am-2pm. It closes on Monday mornings.



Patricia Michelson: her purchases are all made in the country of origin

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PROPERTY

Wherever there's a polo field...

In spite of the recession horsey pursuits are still popular, as Gerald Cadogan discovers

HORSES are expensive luxuries, needing swathes of grass, special food, shelter, tack, medicine and clothes for themselves and their riders. And when Lloyd's losses loom large, giving up equine pastimes is an obvious economy.

Yet, horsey pursuits retain their popularity in Britain, in spite of the economic downturn. And while prices for properties with stabling have suffered in the recession, like everything else, the market for them will survive so long as people race, hunt, jump, trek, play polo or drive carriages.

It is not just Britons who are keen on such properties. Earlier this year, Strutt & Parker sold the late Jim Joel's stud at Chilwick, Bedfordshire, to the Swiss connections of the Portuguese owner of The Fellow (the beaten favourite in the Cheltenham Gold Cup). And John D. Wood reports that a potential Italian buyer has just viewed Sylvandene in Surrey the top-notch equestrian centre of David and Marion Mould. The guide price is £450,000.

Several stud farms are on the market. Christopher Stephenson, a specialist in racing and bloodstock properties, and Woolley & Wallis are offering Woodminton Farm for around £750,000. This is under the downs west of Salisbury, Wiltshire, and where Major and Mrs R.B. Kennard bred Cadeaux Genereux and Smarten Up.

Stephenson also offers Jervington Place near Eastbourne, Sussex, at the same price (down from an original £1.1m) with its acreage reduced slightly. Its smart yards with 45 loose boxes, barns in Sussex-style



Dover House: the home...

knapped flint and brick, paddocks with post-and-rail fencing, and position next to the church make an attractive proposition. Another in Sussex is Burtleigh Farm, near East Grinstead and Gatwick airport. It has 21 acres and an immaculate and practical six-box yard, offered by Jackson-Stops at £275,000.

Outside Newbury, Berkshire, Savills is selling the Woolton House estate with its Supreme Court, which took the first King George VI and Queen Elizabeth Stakes at Ascot in the Festival of Britain year (1951) in the colours of Vera and Thomas Lilley (of Lilley and Skinner). After he died, she married Colonel Roger Hue-Williams. Theirs was the beyday of the stud in the 1960s and 1970s.

The whole is priced at £3.25m, or is

available in lots. The big house (in one lot) needs work but would make an excellent base for racing and entertaining, as it did for the Hue-Williams. The dilapidated subsidiary house that goes with the stable yard (another lot) is an 1880s villa - a potential delight if re-done completely.

Neither house is listed, which will make it easier to alter them, and both have fine trees screening them from the road. In Cheshire, the Rookery Park stud near Nantwich is on offer from Lamont (with Stephenson) at more than £1m; it has 29 loose boxes and six-furlong gallops. The house was built in 1887 in half-timbered style. In Hertfordshire, Mullucks Wells (with The London Office) has the Blakehead stud with 18 boxes and a listed Victorian Gothic building that used to be a coach house. Price: around £695,000. For



... and the stables

£100,000 less (from Bedford and Savills) is the Tally Ho stud near Bury St Edmunds in Suffolk. That is the price for the peach-painted Regency house and garden, but the yard with 15 boxes is a further £185,000.

Dover House near Malmesbury, Wiltshire, with two yards and paddocks, makes a good base for hunting with the Beaufort. Lane Fox offers it at around £495,000. Near Cheltenham, the same agent has Rossley Manor, an old Cotswold house with stable yard, grazing, and holiday cottages that produced an income of £25,000 last year. The price without the cottages is around £750,000. In the same region, Hamptons is selling Little Park at Wootton Bassett in Wiltshire; this boasts a cross-country course built in 1990 by the same people who constructed the course at

Badminton. The house is 17th-18th century, with 362 acres, and the price (over £975,000) includes a first-rate shoot. In Hertfordshire, Coltsfoot Farm at Datchworth has six paddocks and 30 boxes, for around £495,000 from Strutt & Parker. It could make a good base for the growing practice of do-it-yourself livery, where the box is let out at a typical rate of £20 a week.

If your dream is a training yard, Lambourn on the Berkshire Downs runs Newmarket a close second. The gallops are owned privately and maintained superbly. Trainers pay £52.50 a month plus VAT per horse - racing on the flat - to use them. In the centre of the village, equestrian property specialist Pilgrim Bond offers Bourne House, a 41-box "town yard" (last used by Nicky Henderson) for £350,000. On

the edge of Upper Lambourn, Lane Fox has Charlie Brooks's yard at Uplands, with 58 boxes, for around £350,000. If dressage is what matters, Addington Manor near Winslow (of Great Train Robbery fame) in Buckinghamshire is where Lady Inchcape has created the top dressage centre in the UK. It is new on the market (from Strutt & Parker and Savills) at over £2.75m.

Another "seriously rich" property in the county is Great Hurdridge Manor near Great Missenden, a Grade II house with 528 acres, 28 boxes and 10 paddocks for around £3.5m from Knight Frank & Rutley.

But the top priority for many people is a paddock for the children's ponies. Keep your eye on the local newspaper but expect to pay considerably more than the usual prices for agricultural land - even £3,000-£5,000 an acre. Renting on a grazing agreement is likely to be £50-£80 an acre.

Further information from: Bedford, Bury St Edmunds (0294-769999); Hampton, Marlborough (0678-513471); Jackson-Stops (071-499-8291); Knight Frank & Rutley (071-499-8171); Lamont, Nantwich (0770-624441); Lane Fox, Cirencester (0295-653-101); The London Office (071-439-5900); Mullucks Wells, Bishop's Cleeve (0279-754000); Pilgrim Bond, Lambourn (0483-72911); Savills (071-499-8644); Christopher Stephenson International, Newbury (0635-525555); Strutt & Parker, St Albans (0782-40285); John D. Wood (071-499-4106); Woolley & Wallis, Salisbury (0722-321711).

HOUSE PRICES continue to stabilise. At the bottom end of the market, the Nationwide index of the average price of houses - for which the building society gives mortgages - shows a slight rise in May of 1 per cent, for the third month in a row.

The Halifax index shows a 1.2 per cent decline. The figures are still 5.5 and 3.3 per cent down on May 1992, underscoring the point that any property must be reasonably priced - in 1993 terms - to sell.

Buyers at the top end "still want to be predatory", says Savills' Justin Marking. They must feel there is some "give" in the price. A house priced too highly will deter viewers.

Vendors are starting to offer houses, he finds, two months later than usual in the annual cycle. It took until until spring for confidence to pick up and may mean that the early summer buying season will continue through the August lull.

Another market indicator is the purchase by an overseas buyer of 4 St James's Square in Mayfair, London, at

close to the guide price of £5.5m freehold. Conversion from business use to a house will cost another hefty sum. The agents were Wetherell and Herring Baker Harris.

Built in 1725, the property was the home of Nancy Astor, Britain's first woman MP, and then of the Arts Council, before becoming temporary law courts and finally the seat of the Employment Appeals Tribunal. It comes with garden and a slaughterhouse.

Green-minded readers looking for a place that is undeniably different should visit what is virtually Britain's southern mainland limit, the Lizard, in Cornwall.

The National Trust in Cornwall (0208-74261) is offering a 99-year lease on

the old signal station on Bass Point at over £85,000 (not no ground rent) to buyers who will pay for the repairs.

Shaped like a Norman castle keep, Signal House looks out to sea on three sides and was built in 1872 for spotting ships and communicating with them by semaphore as they entered the Western Approaches.

Telegraph operators sent details of the vessels to Falmouth; from there, they were forwarded to Lloyd's in London and to the owners, who could send back their orders. This meant the ships did not have to put in at Falmouth. By 1877, the station was dealing with more than 1,000 a month.

As a residence, it has four bedrooms, an observatory-landing and a rooftop sun-deck with complete privacy. But attitude

is as important as price; the Trust has battled to conserve the Cornish coast for many years and wants buyers of like mind.

Attitude matters also at The Cottage in Charlton, near Banbury, a village house which is being offered as a furnished let.

It has 10 bedrooms, three tennis courts and a panelled dining room modelled on the senior common room of Merton College, Oxford, all put together by a noted barrister and politician, Frederick Smith, who became the first Lord Birkenhead.

The tenants must cooperate with his family on using the tennis courts and holding the annual village fête in the garden. The guide rent on an assured shorthold of three to five years is £30,000, to include some daily help, a gardener and

access to the estate.

Grazing, stabling and full livery for horses, a kitchen garden and rent of a cottage are negotiable extras. Details from Lane Fox in Banbury (0295-273592).

Across the road from Hampstead Heath in north London, Schreiber Developments has just completed Temple Heath Lodge in Templewood Avenue; there are four well-planned apartments on 125-year leases at around £1m (through Goldschmidt & Howland, 071-435-4404, and Savills, 071-431-4844).

The joinery of rare quality is right for a firm that began by making furniture. The flats look over to the heath and the rich, red brickwork of Hampstead's roofs.

Next door are Schreiber's offices, designed by James Gowan 30 years ago

and rated one of London's best post-war buildings.

Another distinctive 1960s building is Capel Manor House near Turnham Green in Kent, designed by Michael Manser for the site of a demolished Victorian pile.

The house is a glass pavilion and sits on the arched terrace of the old house, surrounded by a large, terraced garden of 3.5 acres brought back from wilderness by landscape architect Bodian Gruffydd. The rhododendrons and azaleas are splendid. Jackson-Stops (071-499-8291) offers it at a guide price of £385,000. Clearly, one for gardeners.

Tom Port on fishing property, Page XVII

Correction

In last week's article on Italian property, the house pictured was captioned incorrectly. It is in fact "Imbrotono", priced at £375,000 through Brian A. French and Associates, of Knaresborough, north Yorkshire. Tel: 0423-867047 or 0423-865892.

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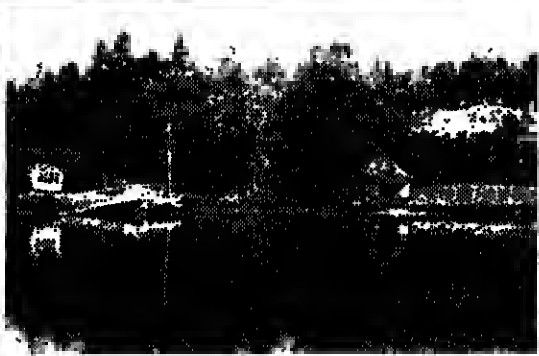
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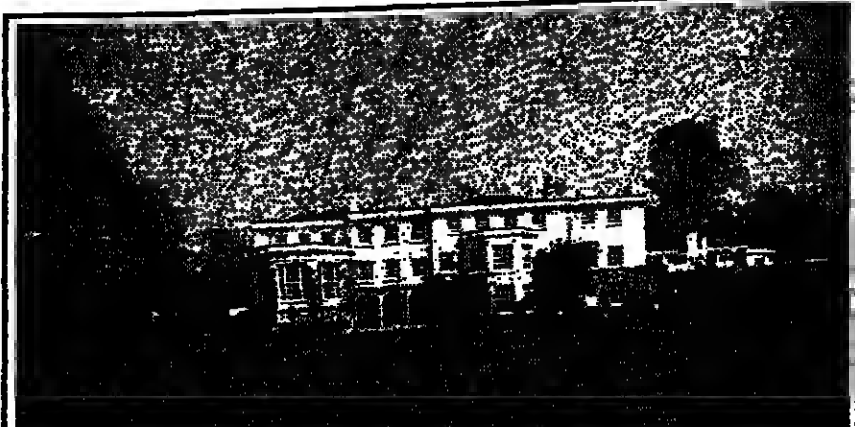
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GARDENING AND PROPERTY

A climactic year of marvellous muddle

As his garden rapidly blossoms, Robin Lane Fox is already planning his strategy for late summer

FLOWERS have run riot and gardens are on an all-time high. I cannot remember such a year or such a week. If you dither you will miss it, like all such peaks, and will end up wondering what it all meant. Quite simply, everything has come to a climax at once and I have never seen the equal in 35 years' hard gardening.

In the old Tory heartlands, gardens used to peak between June 20 and July 10. The heartlands are becoming wetlands, but the change is not the reason why the calendar has been brought forward. A cold, wet May delayed plants which had been brought to the threshold by the mild winter and favourable spring. The recent sunshine has been like a trigger, setting off the late-comers and bringing the front-runners into early flower so that both have collided.

I see the evidence all along the big double borders of my Oxford college. These are meant to span three phases but have run at least two of them into a single, unprecedented show. Against the background of annual examinations and academic stress, I have been walking contentedly down clouds of blue catkins, delayed pink and white lupins, double white peonies, retarded abnations, accelerated manve buddleas, clouds of pale purple

thalictum, and day lilies which are a month ahead of themselves. Among this extraordinary collision, there are irregularities which I do not pretend to understand. Almost all of the old-fashioned roses have burst into hundreds of flowers about three weeks before their usual date, while the wild species seem to have obeyed their calendar and gone no faster than in a normal season.

We have the extraordinary sight of mid-summer roses - like the wonderful pink Fantin Latour and the best of the pink and white albas - in full flower beside the neat little clusters of Scots Burnet rose bushes which are usually the prelude to the heavy French varieties later this month. Meanwhile, the modern bush roses and hybrid teas seem to be following their usual rhythm.

Is it, perhaps, that the old-fashioned varieties appreciate a mild winter and have been brought into full bud by the first adequately wet spring for three years? I cannot see other good reasons for the difference.

Meanwhile, the simultaneous show ought to be recorded in photographs. I have never seen the old-fashioned forms of dianthus flowering profusely beneath peonies which usually are associated with late May. Buddleias look remarkably chic

"IF IT WASN'T FOR THE WEATHER WE MIGHT NEVER HAVE MET."



among dark blue anemones which have been having a field day among their new neighbours, the border campanulas of normal July.

My personal prize at home goes to a physalis in full flower among the silver-leaved saxifrage of late May, with layers of late June's campanulas to keep the peace between them. It is like a dream

and, even on the edge of the thunderstorms, I cannot stop marvelling at it.

Climactic years bring problems with them, though. Traditionally, garden tours and foreign visitors aim at late June or early July for the great southern rose gardens like Sissinghurst and Mottisfont. If you have the option, bring forward the visit to this weekend and next, because

the roses will have raced before you if you stick to the normal schedule.

As for colour planning, this season is making a marvellous muddle for all the experts as well as the increasing flood of books on the subject since publishers fastened on to it a few years ago. Those charts and diagrams which suggest the right combinations have been thrown out of order by a simple trick of the weather.

If you are setting out on a new garden, and feeling unnerved by experts' insistence that particular flowers should be matched only with particular varieties, remember that 1993 has turned the experts' suggestions inside out and that nature has brought on its own combinations, usually for the best. Oxford borders are enjoying rather more of a Blue Period than I had intended, but I cannot say that premature nature has altogether ruined the result.

Be sure to see this extraordinary climax in a great garden, somewhere; but what, though, when it is all over? We need to look two months ahead, because July will be an early hiatus and we cannot leave August to become a dead brown flop. Thereafter, I will be using groups of blue, autumn-flowering crocus, on offer from the best bulb merchants until late July.

Meanwhile, it is no use relying on

retarded bedding plants from most of the main shops.

Annual bedding plants are far ahead of their old rhythm and there is not much of quality which has not been brought on and sold off already. Instead, I am relying on cuttings and young plants of half-hardy perennials which have more staying power and which can even be bought as late as the Hampton Court flower show on July 5 and 6 without being too far behind to make a serious show in late August.

I am referring to the daisy-flowered osteospermums, scented heliotropes, bits of pink daisies, fragments of shrubby salvia, and other soft plantings which companies such as Hopleys, Brian Hiley and Rushfords of Ledbury bring to the summer shows and sell off to those with an eye for quick quality.

Give our gardens the slightest whiff of Maastricht and they seem to make a continental dash for early growth. Over there in Europe, southern gardens have to use the tactic of late summer perennials, bedded out in a second sequence after late June. Now that we are going European in our seasons, and the boring old calendar has lost its sovereignty, we will have to react to this new paradise by adopting these secondary tricks and extending our season by cunning.

Fishing Property

Angling for a piece of river

Tom Fort muses on the possibilities of actually owning his own stretch of water

I occasionally run through the following conversation.

Fisherman One (myself): "Oh, by the way, you must pop down to my water some time." Fisherman Two (impressed): "Your water?" F1: "Yes, it's quite a nice stretch. Nothing grand, of course, but there's usually a fair chance of a fish or two." F2: "Well, that's jolly kind of you. Any particular time?" F1: "Any time you like, my dear fellow. That's the advantage of having your own water."

My tone of voice in this - sadly imaginary - exchange is modest and deprecating. But I would, perhaps, permit myself a certain emphasis on the words "my water." They do have a pleasing ring to them; or rather, I'm sure they would.

However, in common with the great majority of anglers, I do not have "my water." Nor am I ever likely to. Nor, in my more rational moments, am I entirely sure I would like it so much. Yes, it could be satisfying to lord it over the less fortunate. But imagine if Fisherman Two, instead of gratefully accepting the offer, replied: "Awfully decent of you, but to be frank, nothing on earth would induce me to come to your water. It was never much good in the first place, what salmon do make it end up in poachers' larders, and - I know this but - you were done."

But it is a fact that plenty of anglers with money do like the idea. And what,

above all, they want to spend their money is that diminishing, threatened miracle of salt and fresh water, the Atlantic salmon.

Six years ago, I wrote an article for the FT about the value of Scottish salmon fishing. Then it was shooting upwards towards heights which were to be greeted with rage and disbelief by ordinary fishermen who found themselves increasingly excluded, and with hand-rubbing delight by owners and their agents.

The value of a given stretch of salmon river is computed according to the number of fish caught on it, averaged over a five or ten-year period. In 1932, the value per fish was around £1500. So a beat with an average catch of 100 salmon could be expected to change hands for £150,000. By 1987, when I did my survey, it had reached £5000 per fish. 1989 saw it rocket above £8000. And by 1990 it had peaked in the region of £12,000 per fish (although there were instances on the Brora and the

Beaulieu when it went higher).

This dizzying appreciation transformed the traditional way in which salmon fishing was organised, which by and large had been through decorous and gentlemanly relationships between ancient families and long-established tenants. If you wished to fish the Spey, the Tweed or the Tay, you had to be the right sort and know the right sort, and be prepared to wait until a pair of dead man's shoes became empty. Then the money arrived.

The owners of the estates through which the great rivers ran - always hard-pressed for cash - found themselves sitting on assets which were soaring in value. The old ways were abandoned as time share invaded; a system of financial exploitation which made it possible for the worth of those silver fish to be maximised to the last penny. Cash replaced social connections as the key to this promised land.

It could not go on, of course. The recession came, then the Lloyds insurance market disaster. Leisure spending was an early casualty, and the decline in values and volume of business set in fast. Now a calm has settled on the Scottish market.

The big deals are no longer being done. Take as an example the Ballathie Estate, north of Perth; 1500 acres, with a hotel, two country houses, a score of farms and 1½ miles of prime double bank fishing on the Tay with a 600 fish annual average. Two years ago Strutt and Parker offered it at £10.5 m. Now it is down to £8m, and still there is no buyer.

The problem is that salmon fishing no longer seems to have obvious business potential. The timeshare market is dead, unmourned by many, as its associations of frenzied sales techniques and faulty Spanish wiring hardly corresponded with the world of crusty lairds, monosyllabic gillies, and effortless Spey casting. With the absence of any prospect of swift and substantial return on investment, it means that likely buyers are restricted to those doubly blessed with a true enthusiasm for the fishing, and a great deal of money.

Roving south, to the trout of the chalk-streams of England, things are also pretty quiet. Timeshare never established a grip on rivers like the Test, the Itchen and the Kennet, and the fishing tends to be in the hands of clubs or syndicates, or organised on a day ticket basis, with a few privileged private owners dotted about.

The Test was once the finest of them all, and its fishing still commands prime prices, even though gross and careless exploitation has ruined much of it. The Itchen is a different matter, more cherished, more difficult, much nearer to the true chalkstream ideal. It is rare for any of it to come on the market, but Knight, Frank and Rutley is offering a gorgeous-looking 1½ mile stretch of double bank fishing below Winchester. If I had some-

where near £500,000 I would be round there like a shot.

A little way down the scale is Lambourn in Berkshire, a lovely stream much afflicted by abstraction. Strutt and Parker has two tempting stretches available, one of a little under half a mile at about £135,000 and another, somewhat shorter, which goes with a large, luxurious mill-house and 15 acres at £650,000.

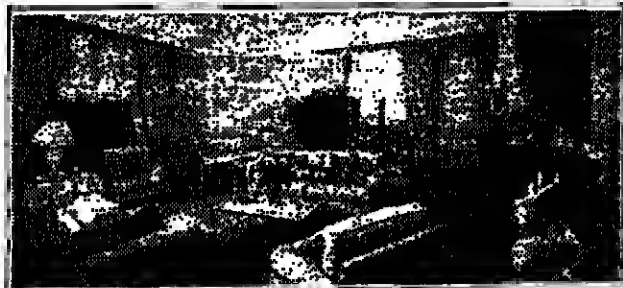
What I think I would like best of all - were my circumstances to undergo a considerable change - would be some fishing in Ireland. It has salmon rivers as good as Scotland's, and trout rivers better than England's. It was hardly touched by the salmon boom, the value per fish never rising beyond £2000. The problem with Ireland is that decent fishing almost never changes hands and when it does, it is by word of mouth. But it can be done.

Finally, a cautionary tale, also from Ireland. A friend has a nice trout river across the fields from his house. One year, when I was there, he told me he had rented a mile or so at £50 a year. All for himself. I quivered with envy as he rolled the words "my water" around his mouth. A while later, he told me that the woman with whom he had concluded his agreement, and to whom he had handed his £50, had no more title to the water than the Bishop of Galway. Such are the pitfalls.

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TRAVEL BOOKS

Two views of the Highlands

Chloe Chard enjoys a volume which reunites Johnson and Boswell in Scotland

TRAVELLERS, however jaded, usually see the need to aniliven their accounts of unfamiliar places with a sense of curiosity and excitement; their attitude is the opposite of that affected by the Matabele emissaries, in Stanlake Samkange's Zimbabwean novel *On Trial For My Country*, who have been told not to "keep on saying au! au!

au! in amazement". On seeing the sea for the first time at Cape Town, one of them remarks simply: "Ahi! Today the river is in flood".

Dr Johnson, in remote regions, has no hesitation in exclaiming at "mountains, waterfalls, peculiar manners; in short, things which he had not seen before". Johnson and Boswell in Scotland accentuates the drama of travel by

supplying two narratives to read alongside each other: Johnson's *Journey to the Western Islands of Scotland* (1775) and Boswell's *Journal of a Tour to the Hebrides* (1786). While Johnson is busy observing "peculiar manners" and the like, Boswell is entertained and elated at being able to view his thoroughly urbanised friend and mentor in an unaccustomed setting.

The pleasures of this double narrative are evident when the travellers come across their first Highland hut. Johnson is full of investigatory fervour. Luckily, "to enter a habitation without leave, seems to be not considered here as rudeness or intrusion". "True pastoral hospitality" prompts the peasant woman inside the hut to invite them to drink whisky.

As Johnson gathers information, Boswell is sharply aware of the social comedy generated by the situation. His companion's interest in primitive architecture prompts him to ask where the woman sleeps, and she answers "with a tone of emotion, saying she was afraid we wanted to go to bed to her". Rather cruelly, they derive great amusement from "this coquetry of so wretched a being"; each claims bantlingly that it is the other who has "alarmed the poor woman's virtue".

Some of the narrative tension of the book is, of course, derived from the close - but intermittently combative - relationship between the two men. Returning from the Western Isles, Boswell is overcome with apprehension, as he anticipates the meeting between his father, Lord Auchinleck, and Johnson, his surrogate father: "I was very anxious that all should be well; and begged of my friend to avoid three topics: Whiggism, Presbyterianism, and - Sir John Pringle." Johnson periodically annoys Boswell (a lowland Scot) by his rudeness about Scotland. At one point, he declares that, until the Union with England, the tables of the Scots "were coarse as the fests of Esquimaux, and their houses filthy as the cottages of Hottentots".

Such analogies with far-flung regions are frequent, and not always disparaging; once the two men reach the Highlands,

they both excitedly compare the scenes before them to the wilds of America. Boswell finds their visit to one village "much the same as being with a tribe of Indians", to which Johnson replies: "Yes, sir; but not so terrifying".

The desire to leave dull familiarity behind is never expressed here quite as strongly as it is in E.M. Forster's *A Room with a View*, when the heroine, in a Florentine pensione, laments: "It might be London". Nonetheless, Johnson seems gratified when his experience of feudal hospitality convinces him that "the fictions of the Gothic romances were not so remote from credibility as they are now thought".

His pleasure in new and surprising sights is tempered by a vehement repudiation of fantastic travel literature - the tales of monstrous beings that proliferate in medieval travel narratives, and survive, in the 18th century, in wild speculations about Patagonian giants and other curious phenomena. Johnson opposes all such "credulity", and is resolutely sceptical about the poems of Ossian works published by James Macpherson in the 1760s, in the guise of translations from a Gaelic epic.

Delight in novelty, moreover, cannot entirely deaden the awareness that "to live in perpetual want of little things, is a state not indeed of torture, but of constant vexation". Many contemporary travellers to the third world - or to the English countryside on a Sunday - will sympathise with this measured response to the absence of a shop on Skye.

In some other ways, Johnson's narrative may seem alien to late twentieth-century readers: he feels none of the constraints of tourism, which began to trouble travellers to Italy a few decades later, and

his *Journey* lacks any concept of a Byronic urge to move ever onwards, or to place one's self-identity at risk. (Revealingly, he describes with approval how, in ancient Gaul, Caesar came along and "put a stop to" the engagingly reckless plans of the Helvetians to wander off "they knew not whither".)

Boswell's narrative has more in common with contemporary travel writing, simply because it often focuses on the personal feelings of the traveller himself: he describes his fits of gloom, made worse by the experience of being trapped on islands by bad weather.

Johnson, however, in his resolute pursuit of knowledge, touches on many questions relevant to current debates about cultural difference. He is scornful of any form of human behaviour by showing it to be acceptable in some exotic region.

Montesquieu, for example, "to support polygamy" tells you of the island of Formosa, where there are ten women born for one man. The trouble with this argument, Johnson cheerfully points out, is that "he had but to suppose another island, where there are ten men born for one woman, and so make a marriage between them".

Johnson and Boswell in Scotland provides immensely pleasurable reading; its delights are increased by the thoughtful choice of illustrations, and only slightly marred by the decision to cut Boswell's text, and supply the barest minimum of explanatory notes.

Within the domains of literary criticism and of history, travel writing is usually appropriated either by old-fashioned anecdotalists, snobbishly preoccupied with the antics of aristocrats, or by proponents of the new critical orthodoxy of colonial studies - which, as it becomes absorbed into established systems of academic deference, is in danger of losing its initial intellectual energy. Accessible and attractive editions of travel writings, such as this, throw open the field to a wider readership, and encourage a more diverse range of approaches.



A village in Umbria - taken from Italy From The Air by Franco Lefevre with photographs by Guido Alberto Rossi (Thames & Hudson £26, 203 pages)

TRAVEL COMPETITION

The Weekend FT is offering readers a chance to win the 10 top-selling Lonely Planet travel guides and phrasebooks. The Lonely Planet series of "travel survival kits" cover such destinations as India, Australia, South East Asia, Africa and Japan and include useful phrasebooks for travellers. Answer the 20 questions, which are based on *Weekend FT* travel articles published since the start of this year, and send your entry by June 30 to the address below. The sender of the winning entry, to be drawn on July 1, will receive Lonely Planet titles worth more than £150.

- 1) The green Jacquot parrot is the (endangered) national bird of which Caribbean island?
- 2) Upset stomachs are the most common health problem faced by travellers. What is the second one?
- 3) Unter Gösing, in Austria, is famous for which sport?
- 4) How many bird species does The Gambia boast: 207? 507? 907?
- 5) Where is Mana Pools national park?
- 6) A study has shown that 74 per cent of snakebites are inflicted below the knee. True or false?
- 7) A Kumari is a living goddess in which country?
- 8) How many UK residents went on a cruise in 1992: 75,000? 150,000? 200,000?
- 9) If you fly to Siem Reap, what famous site are you headed for?
- 10) You are admiring the Côte de Granit Rose. In which part of France are you?
- 11) Sepilok, in Sabah, Malaysia, is famous for which creatures?
- 12) Which is the largest Greek island?
- 13) Which country invented mules and orthopaedic shoes?
- 14) Cypress Head is a famous golf course. Where is it?
- 15) Fifty years ago, which country was known as the Little Switzerland of the Balkans?
- 16) Alexander Pearce was an escaped convict who resorted to cannibalism. Where?
- 17) Where is Lorenzo Lotto's *Madonna in Glory* to be found?
- 18) What is the recommended speed limit on Germany's autobahnen?
- 19) How tall is the tallest Joshua tree in California's Joshua Tree National Park: 28ft? 36ft? 46ft?
- 20) It took the FT's Travel editor, Michael Thompson-Noel, 28 hours (door-to-door) to travel from London to Bali. How many times did the hapless hack's aircraft touch down before reaching Bali: four? five? six?

Send your replies to: Travel Books Competition, Weekend Financial Times, Number One Southwark Bridge, London SE1 9HL. The closing date is June 30. Answers and the winner's name will be published in the Weekend FT Travel pages on July 3. The Literary Editor's decision is final.

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T

RAVELLERS tell such lies. Out on the grasslands, at the border between inner and outer Mongolia, I was introduced to my first ponied yurt. Under its cosy felt roof I enjoyed an unbelievably disgusting and drunken lunch of *mao tai*, millet seed, mare's milk, ewe's butter, camel curd and boiled dissected sheep. I thought I was in paradise.

But did I confess that I had shared my meal with a party of Hong Kong Chinese tourists, that my host the herdsman was a trusty of the local Communist Party, and that the yurt had been erected just for the day?

I did not. Years before, visiting Tashkent, I took photographs of smiling Uzbeks in lambswool caps selling their colourful wares in the peasant market. That night I watched a caretaker in which pale Slav girls in fishnet tights and toppers danced under strobe lights. Did I keep quiet about it?

I did. Travellers omit any fact that interferes with their prestige or tarnishes the fantasy that binds the narrator to his audience. The humblest tourist is economical with the truth. He writes fibs on his postcards home. His snapshots dutifully reflect the brilliant scenes - beaches, mountains, castles, ruins - of the holiday brochure that sent him abroad in the first place. He is forced into elaborate subterfuges like the great Kurosawa, the Japanese epic film-maker whose lens could not

Tall tales from the yurts of subterfuge

stray above roof height for fear of catching the telephone lines strung across his mediaeval battlement.

In some quarters, even Marco Polo is still accused of inventing his 17-year sojourn at the court of Kublai Khan in Peking. His revelation that the Chinese kept themselves warm by burning black stones was, however, vindicated when coal made its appearance in Italy.

Why do travellers lie? Because they pine for an exotic primitive world which, in all but the remotest regions, has passed away and survives only in the minds of freeloading travel-writers, coffee-table cameramen and television scriptwriters. This is the fantasy the tour operator sells: you won't find photographs of the Everest climbers' garbage dump in his Himalayan travel pack, nor of Nepalese mountain tracks decorated with scraps of lavatory paper left by previous trekkers.

We all have our travel fantasies, of course. Mine, like I do not know how many thousands of others, began at the age of eight while reading Heinrich Harrer's *Seven Years in Tibet*. Later, John Buchan's *Greenmantle*

took me, along with the impossibly daring Sandy Arbuthnot, behind the mysterious shutters of the Turkish bazaar.

But it was China and Central Asia that took the greatest hold. A beauti-

Christian Tyler on why travel writers are economical with the truth

ful godmother who lived in the Peking embassy and dined with Chairman Mao sent me a set of green china horses and figures of sages and peasant fishermen. Sir Fitzroy Maclean pushed the window further open by travelling the Turkish railway and writing about it in *Eastern Approaches*. I learned Buddhist pronunciation techniques from Henning Harlund's *Men and Gods in Mongolia* and followed the extraordinary missionary ladies Mildred Cable and Francesca and Eva French on their wagon train

through the Gobi. But it was Peter Fleming, crossing the Taklamakan desert with Ella Maillart in *One's Company*, who finally did for me.

For nearly 20 years I nursed my complaint before the opportunity arose to scratch my Central Asian itch. Disillusionment followed hard on the heels of wonder. Yet there were rewards: among them, encounters with the Living Buddha of Huhhot and the sole surviving imam of Ashkhabad, a solitary view of the devastated Tangut necropolis in the desert of Ningxia, a seramble over the mound that was the Parthian capital of Nisa, and a day (secured only after a week's badgering of a forked-tongue Soviet commissar) in the withered mudbrick remains of Merv, razed by the Mongols in the early 13th century.

The only travel writers for me are the ones who are not afraid to paint the whole picture - telephone wires and all. Peter Fleming, inventor of the witty anti-travel book with *Brazilian Adventure*, ranks among the very best. He has his heirs. One, although of a more cynical turn, is Paul Theroux. Another (with whom I have trav-

elled myself) is Andro Linklater: his *Wild People* of the Sarawak longhouse were religious animists who wore "I love New York" T-shirts.

I would trust almost any title from the house of John Murray, publishers of Darwin's *Voyage of the Beagle* and of Patrick Leigh Fermor and the late Freya Stark. Their latest comes with the reliable name of Hopkirk on the cover. It is *A Traveller's Companion to Central Asia* by Kathleen Hopkirk, wife of Peter whose *Foreign Devils on the Silk Road* and *The Great Game* are compulsory.

Hopkirk (to whom I owe the reminder of Marco Polo's impugned veracity) acknowledges a debt to Sir Fitzroy Maclean and has raided her husband's library to produce a short alphabetical history of the best bits of the old Silk Road. She covers Ashkhabad, Bokhara, Geok-Tepe (where the Tekke Turcomans were slaughtered by the Tsar's army), Gilgit and Hunza, Kashgar (including a delightful portrait of the first British residency), Khiva, Merv, Samarkand, Tashkent, Tunhuang, Turfan and Urumchi.

Her book is undoubtedly as reliable as anything extant on Central Asia. For the addict, of course, it is one more dangerous dose, a tickle for itchy feet, an invitation to seek fresh surprises in central Asia following the collapse of the Pax Sovietica.

■ *A Traveller's Companion to Central Asia*, by Kathleen Hopkirk; John Murray, £16.95, 290 pages.

T

RAVEL WRITERS are a competitive lot, forever flinging themselves in search of the exotic, the perilous or the obscure. Mark Lawson, on the other hand, appears to be a gentle soul and, for a journalist, an honest one - a self-declared tourist and coward who has nursed, all his life, a profound need to put himself in the presence of safety.

As a result, his latest book is subtitled *Journeys to All the Safe Places* - New Zealand, Australia, Middle America, Alaska, Canada, Luxembourg, Brussels, Switzerland, Milton Keynes, Disneyland, Expo '92

and Center Parcs. As he says, courage is normally what publishers want. Yet commissioning editors, comically unaware of his wimp status, seemed only too happy to take him out for pleasant lunches and then, over the *sambucca*, to suggest he go there on a camel, or here without a map, or into such and such a territory with only two pairs of knickers and a tube of Polo mints in his rucksack.

THE BATTLE FOR ROOM SERVICE by Mark Lawson

Picador £14.99, 291 pages

Lawson fended them off. What he wanted to write about was the quiet world - places of tranquillity, stability and conventionally civilised values. "I stress this," he says, "because the idea somehow got around in a few of the countries I visited that this project was an examination of the world's most boring countries. Untrue. If such judgments must be made, I prefer to follow the modern practice of linguistic sensitivity, or political correctness, and refer to these destinations as 'activity-challenged', 'differently-interesting', or 'places of calm'."

He claims that his journeys had the ghost of a serious purpose: to discover whether there was such a thing as a safe country in a way philosophically beyond the definition of one in which nothing much currently goes on. "Could the Ayatollah Khomeini have pro-

duced in the inhabitants of Timaru (New Zealand) or Ottawa or Milton Keynes the reactions he won from those in Tehran? Lenin lived briefly in Zurich but, had he been Swiss, could he have led a revolution there? Do some nations have anaesthetic temperaments and environments which render them immune to demagoguery and revolution?"

Lawson sets about his mission in splendid style, by starting in New Zealand and having some harmless fun with the Kiwi accent. When he tells a hotel receptionist in Christchurch that he is heading for Timaru, she tells him that the people in Timaru are "funny little people." Why? asks Lawson. "Hard to say," she replies. "We had a nuclear accident in Ni Zilland in '84, and people reckon something got into the water over there..."

He also produces some appalling yet lovely jokes. Example: New Zealand is "probably the only country in the world in which people flocked to see *The Silence of the Lambs* believing it to be a pub-

lic information film about oesophageal blockage in new-born sheep."

But there is more to Lawson than quips about accents and bitter-sweet jokes. He does his homework. He has a good ear and eye. He is a rewarding companion and guide. And his humour is always studiously unforced.

After a year spent in the quiet world, Lawson concludes that the safe zones are receding, that there are no islands any more - no opt-outs, anywhere, from poverty, joblessness or, most strikingly, some

variety of violence.

Perhaps, he says, it was no coincidence that in each of these former oases of stasis there was also a crisis of belief in leaders. In the year in question, in nearly every nation of the quiet world except Australia, a leader had been retired, rejected or in some way humiliated, partly because the prevalent political pressure to reduce taxation had left these countries struggling to fund the lifestyles to which their electorates had become accustomed.

History has not ended - not even in the boring world.

Michael Thompson-Noel

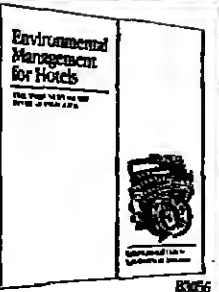
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BOOKS

From pilferer to playwright

Anthony Curtis on the extraordinary life and reputation of Jean Genet

IN THE exhibition *Paris Post War: Art and Existentialism 1945-55* that opened earlier this week at the Tate Gallery there is a portrait of Jean Genet painted in 1956 by his friend, the Paris-based, Swiss-born Alberto Giacometti. The painter and the writer had both been adopted as significant manifestations of the spirit of Existentialism by Jean-Paul Sartre and Simone de Beauvoir. In 1952 Sartre wrote a book about Genet aimed to canonise him as a secular saint of the movement - *Saint Genet, comédien et martyr*. It was an attempt through a series of paradoxes to justify Genet's criminal way of life as an example of supreme courage.

GENET
by Edmund White
Chatto & Windus £25, 320 pages

Observing this portrait, it is difficult to believe that the strong stoical figure it depicts was once a French boy, a petty thief with convictions running into double figures, a vagrant over much of pre-war Europe and a male prostitute. Like Sartre's tome, the portrait celebrates the transformation of Genet from being all those things in his youth to becoming in his maturity a French writer of international stature, whom several fine critics on both sides of the Channel and the Atlantic think it is appropriate to speak of in the same breath as Proust.

How was this transformation effected? And is the claim that Genet's place belongs among the truly great really valid? Edmund White's vast but never tedious biography deals with the first question in the greatest detail, giving us a fascinating answer based on many years of research. As for the second, although he is not concerned to argue the literary critical case for Genet as such, he leaves us in no doubt by his treatment of the works in relation to the life - the early volumes of autobiographical fiction as well as the later and much better known plays - that he regards Genet as being, after Proust, the most important modern French writer.

White's task was made the more difficult by Genet's consistent disregard for truth in the ordinary sense of the word. He was a compulsive liar, a fantasist when giving any kind of account of his early life. With infinite patience White has sifted truth from fabrication. Jean Genet was born in

1910 to a father about whom nothing is known beyond his name - Genet - and a 22-year-old unmarried mother who abandoned her child when he was seven months old. He was then fostered to a family in the market town of Alligny-en-Morvan in the Nièvre. The couple loved Genet as if he were one of their own. They instructed him in the tenets of their faith, made a choirboy of him and sent him to the local primary school. Genet usually came top of the class and on merit should have gone from there right up through the system, but for a boy of Genet's background, a welfare ward, it did not work out quite like that. Instead he was given the option of going to a training centre near Paris offering courses in printing and cabinet-making. After two weeks he had run away and started that pattern of truancy, theft, recapture, rehabilitation and recidivism, that marked his early life from then on.

There were periods when he lived as a young tramp, followed by sojourns in various psychiatric clinics for juveniles, and a brief but educational period as assistant to a blind composer of popular music from whom he absorbed many entrusted to him. In the end Genet landed himself in a situation which not even he with all his street-wise cunning could wriggle out of. He was sent to "the children's prison" of Mettray, an agricultural penitentiary colony. The great theme of Genet's work - domination and submission - in everyday life, in sexual relations, in hierarchical masturbation fantasy, was nurtured at Mettray.

The two and a half years Genet spent there, before he joined the army from which he eventually deserted, were later glorified by Genet as the time when he learnt to live entirely on his own resources. Even from his fictional accounts - in *Miracle of the Rose* and *The Thief's Journal* - it sounds like hell on earth. The older boys brutalised and raped the younger ones. Yet Genet managed to do an amazing amount of reading under these conditions. Leaving Mettray concludes Act One of his life.

In Act Two he emerges as an outsider in society, a writer of poetry and prose pilfering to make ends meet, nicking books from shops and open stalls that he rapidly re-sells. He becomes the passive lover of a number of young men from the criminal class. He impresses the educated people he meets by the range of his reading, the aperçus of his conversation and his dandyism. As the second war looms he is excited by the trial of a murderer with whom he sympathises.

Now Genet starts to lever himself into the Parisian literary world. By the time of the Occupation he has made contact with Cocteau, who was at the height of his passion for Jean

Marais. Cocteau befriends Genet and is crucial in the promotion of his early works. If Cocteau was ambivalent in his behaviour towards the German authorities during the Occupation, Genet, in his loathing of the French bourgeoisie, positively sympathised with the Nazis.

After Jouve's production of *The Maids* in 1947, Genet's gifts as a playwright whose work was balanced on a knife-edge between fantasy and reality took off in *The Balcony*, *The Blacks*, *The Screens*. Though few in number, these plays, with their brilliant use of ritual, put him in the same league as Beckett, Brecht, Pirandello. Genet became the centre of an

international post-war cult. He no longer needed the protection of anyone. His blazingly original and frankly obscene prose books were a landmark in the history of gay liberation. Yet while he was granted an official free pardon for his former crimes, he still needed to steal. While in Giacometti's studio, for instance, he took away a drawing the artist had done of Matisse. Bursts of creativity alternated with long periods of isolation and hibernation abroad.

Even now, with all the acclaim, Genet remained deeply subversive. He supported the Algerian Arabs against the French colonialists and then became a champion of the Black Pan-

thers and the Palestinians. He witnessed the massacre at Statia in Lebanon and wrote movingly about it. In his last book, *Prisoner of Love*, he identified with those peoples searching for a homeland. White gives an interesting account of the later works, film projects and scripts.

Unlike Proust, Genet has yet to find a translator into English who will give him the readership outside France that he deserves. This remarkable biography will arouse fresh interest in his work as a whole and make us realise that there is much more to Genet than the plays that are already regarded as modern classics.

Labour's leading lady

BARBARA CASTLE was the Labour Party's Margaret Thatcher, or should have been. They have different beliefs and Mrs Castle never even became party leader, let alone prime minister. Yet in character and background they have a great deal in common. Even in their politics they have a shared suspicion of the European Community.

Mrs Castle's misfortune was to have been born too early - four years before the outbreak of the first world war. There was never a chance that a woman could make it to the very top in her generation, especially in the Labour Party.

When she was seeking to become a parliamentary candidate in the early 1940s, an old trade union hand told her bluntly: "Women won't vote for women." Still, it is possible that Mrs Castle's pioneering in one party made it easier for Mrs Thatcher in another.

FIGHTING ALL THE WAY
by Barbara Castle
Macmillan £20, 626 pages

Barbara Betts, as she was born, owed a lot to her father, who worked for the inland revenue but was also a socialist intellectual who wrote poems. The north country family was not well off. Like Margaret Roberts from Grantham she went to Oxford at a time when that was relatively unusual for a girl from a poor background. With her customary flexibility, Mrs Castle believes that once women had achieved equality - such as being allowed to speak at the union and have wine at dinner - there was no need for mixed colleges.

The length and depth of her political training are remarkable. After what she regarded as the shame of an Oxford third, she went in for party propaganda, being proclaimed in Ashton-under-Lyne as "a unique phenomenon - a woman who speaks". She knew

the party's national executive committee. Probably her closest political ally was Aneurin Bevan, who she thinks would have had a healthy influence on the left had he not died in 1960. Mrs Castle disliked Hugh Gaitskell intensely, and in the early period of Labour opposition spent much of her time working with the Movement for Colonial Freedom - a fascinating part of her memoirs.

Much of the rest of the volume is more familiar, from not only her own diaries but also those of her colleagues: Wilson, Crossman, Healey, Jenkins and Benn. She was the first minister for overseas development to be in the cabinet; the (non-driving) transport minister who introduced seat belts and breath tests; then she came a cropper with "In Place of Strife" when ultimately only Harold Wilson supported her attempts to reform trade union legislation. She left office completely when Wilson was succeeded as prime minister by James Callaghan, a man whom she plainly disliked as much as she had Gaitskell.

Still, some insights are new. She was not conventionally left wing and she has a nice turn of phrase: on Tony Benn - "I had an uneasy feeling from time to time that something was not quite in focus." She says that her view about the Labour Party is like that of the present Bishop of Durham on Christianity - "continuing to assert the faith while shedding those doctrinal elements which no longer seem appropriate."

I did not know that Mrs Castle wanted to be foreign secretary when Labour returned in 1974, but that is what she claims. On her desire for the premiership, she is quite open, yet honest enough to recognise it was not within her grasp. She never schemed for it. Perhaps her most surprising characteristic was her total hostility to the European Community in the years when Britain was seeking to join. There was a mild conversion when she became a member of the European Parliament in the 1980s, but a pro-European Castle earlier on might have tilted the balance in the Labour Party.

With these memoirs Mrs Castle is back with the Healeys and the Jenkins which is where she belongs. She leaves no doubt of her admiration for Mrs Thatcher's determination, but must be pleased to have got in first. Lady Thatcher's memoirs are due in the autumn.

Malcolm Rutherford

With respect for the sanctity of life

A Rochefoucauld said that death, like the sun, should not be stared at. Ronald Dworkin does not take his advice. In this outstanding book he addresses the agonised problem of death inflicted, by choice, in the form of abortion and euthanasia. His aim is to elucidate what is truly at stake in this confused and acrimonious debate that surrounds the matter, and to suggest ways of resolving the difficulties it involves.

Dworkin is the world's leading philosopher of law. In this book he shows that complicated questions can be discussed with originality, profound insight and utter clarity. He takes his readers from courtrooms and hospital wards to the most abstract considerations of the sanctity of life and the exigencies of law. By the book's end one senses that the whole shape of the debate has been transformed. From now on there can be no discussion of abortion and euthanasia which does not start from here.

Abortion means deliberately killing a developing human foetus, and euthanasia means giving, out of kindness, an effortless death to a sufferer. Both arouse great controversy and passion. Dworkin describes the furor currently raging over abortion in America and Europe as the modern equivalent of the 17th century's wars of religion.

In Dworkin's view much of the debate's bitterness stems from a serious mistake about what is really at issue. Most participants argue as if the main dispute is about interests and rights. Their rhetoric is framed in terms of a foetus's interest in staying alive, and its right to be protected by the community in order to do so. But Dworkin argues that what actually underlies both the "pro-life" and pro-abortion positions is a view about something different: namely, the sacredness or inviolability of life. Both parties, he says, believe that life has intrinsic value; but each takes a different view of what that implies for personal and political decisions about abortion. The same considerations apply to euthanasia.

The concept of the sacredness of life is not an exclusively religious one. Atheists also regard life as sacred. In Dworkin's sense, by "sacredness" here is meant intrinsic value and importance. This is not the view that life's worth is such that the more we have of it the better, for clearly overpopulation is

a disvalue. But once an individual life exists it is hugely important for its own sake. Consider a painting by Leonardo: the destruction of such a thing would be regarded as a terrible loss, not merely for the instrumental worth it has in pleasing or instructing us, but because of its own special value as a high achievement of human creativity. How much more valuable still, Dworkin says, is human existence itself.

Each human life therefore commands respect for its own sake, because of what goes into its making and what its possibilities are. To end such a life is to frustrate its possibilities and to waste its value. For conservative opinion, this implies that abortion is never, or very rarely, justified. For liberal opinion, abortion is justified whenever the continuation of a pregnancy would have an especially bad effect on other lives by frustrating or wasting them, or would result in a deeply frustrated life for the child itself if it were born. But for both sides of the argument the central issue is the merit of life itself.

The same thoughts apply in the case of people suffering incurable and perhaps agonising disease or injury. Recently in Britain a doctor was found guilty of attempted murder for giving a lethal injection to a woman suffering so much pain that she screamed whenever touched. In Dworkin's view the question of life's value to the sufferer is the central concern here. In the Netherlands there is a tacit understanding that doctors can help such patients die peacefully and quickly provided certain guidelines are observed. Elsewhere, many sufferers are condemned by our scruples to lives which are terrible to live. Dworkin devotes a chapter to the problem of Alzheimer's patients, a growing population of sufferers with suffering families who, until medical science finds a rescue, undergo a long and frightening living death. Their plight throws the question of life's value into stark relief.

LIFE'S DOMINION
by Ronald Dworkin
HarperCollins £17.50, 272 pages

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For his own part he favours the liberal line in permitting abortion and euthanasia whenever the case for them is cogent. But his expressed hope is that redefining the debate as one about the best way to respect and protect life considered as intrinsically valuable - as "sacred" - will help to relax the ferocity of opposition between the debate's warring parties. It should, he says, help to bring both sides together to settle their disagreement is at bottom a spiritual one; for if a tolerant society can embrace differences of religious and political views, why should it not do so in regard to the question of how best to respect life's sanctity?

A.C. Grayling

Big Brother arrives

WITH exquisite timing, the British Security Service (MIS) has moved into a new, hideous headquarters on Millbank just as it has become all too apparent that Boris Yeltsin's Russia is no more capable of posing a threat to the UK than it is of conducting its own affairs.

Yet it is an historically demonstrable fact that Soviet Russia has always been regarded by MIS and the Special Branch of the Metropolitan Police as an enemy of Britain. Those in Britain who have, or are alleged to have had, overt or covert sympathy for Soviet Russia have been regarded in the same light as committed supporters and traitors.

(GCHQ), the Postal Services and British Telecom will seek to penetrate ever more closely into private lives.

Dorill's Big Brother world is described soberly, and with abundant corroborative material. Dorill has also worked hard to sustain the thesis which complements his account of MIS's and the Special Branch's determination to survive at all costs. Dorill states not only that the Cold War is over but that "it is debatable whether terrorism poses a real threat to the realm." Therefore, there is no real need for MIS and its associates. Dorill is clearly convinced that this simple assertion requires no evidence to support it. Given such a conviction, Dorill finds no difficulty in arguing that MIS and the Special Branch manufacture crises and distort the terrorist factor in order to strengthen what he calls "the secret state".

Linking issues which should be treated separately is a device much employed by conspiracy theorists, and Dorill is no exception. He has, however, striven so hard to sustain his case against MIS and the Spe-

cial Branch that the issues do emerge in terms which enable two key questions to be asked: do we need security services, and are these services so anxious to convince their political masters of the existence of new threats to the realm that intensified interference with ordinary British citizens occurs almost without check?

The first question can be bluntly answered in the affirmative. All Dorill's denials

THE SILENT CONSPIRACY
by Stephen Dorill
Heinemann £16.99, 321 pages

cannot alter the fact that a major terrorist threat does exist to the lives of just those ordinary citizens about whom he professes such concern. When people get blown up or maimed, and when evidence emerges that the Provisional IRA is not the only terrorist organisation operating in the UK, the thoughtful reader could well decide that the author represents a generation which lacks direct experience of an ugly world. Yet Dorill

not only calls the Provisionals "terrorists" but applies the word to others, notably those who perpetrated the Lockerbie massacre. Dorill also states that "with substantial arms supplies from Libya the IRA will always be able to mount operations." There is much mental confusion here.

Nevertheless, and coming to the second issue, Dorill does have a constitutionally and politically very important case in exposing the degree to which our lives are under surveillance, and on a scale which poses a specific threat to civil liberties. The *Police Review*, hardly a journal of the left, provides Dorill with an apt text regarding surveillance operations: "Much of the information is valid intelligence. A substantial proportion is unchecked hunkum." Searching further back in time, Dorill finds Eskin's May criticising the Special Branch: "The freedom of a country may be noted by its immunity from this baneful agency."

If therefore there is nothing new about the secret British state, Dorill has still done good work in giving examples of unwarranted interference with

our lives; justified on no possibly valid security grounds; apparently controlled by recent legislation; yet exercised in practice by governmental authority in terms which could well have been laid down by Sir Humphrey Appleby.

In the event, therefore, Mr Dorill has put it in his debt. The security services are necessary, but require urgent overhaul and Parliamentary oversight. Attention John Major, our populist prime minister. While he is about it, Mr Major could do worse than take a close look at "private security organisations," as they tend, euphemistically, to duh themselves. Some of these firms are perfectly proper and have saved lives rather than taken them. But all merit investigation - by Parliament, not by some neutered Whitehall committee.

The case for investigation is clear and straightforward: the electronic age enables all kind of folk, well intentioned and otherwise, contracted, covertly, to "government" or not, to poke and pry. Orwell's frightening vision is coming closer to realisation, not because of "the secret state" mentality but because it is now all too easy to dig deep into another's private life.

Anthony Verrier

A weird kind of icon

LIKE IT or not, it is difficult to avoid Dr Hunter S. Thompson. Only recently Garry Trudeau devoted another of his "Doonesbury" cartoon strips to the latest episode in the extraordinary life of Duke, the drug addict, quondam diplomat and Colorado recluse who is modelled on the self-styled "gonzo" journalist.

There have been at least three biographies of the man in the last year or two. For those who keep track, E. Jean Carroll is the one by the author who actually slept with him and nearly married him. This is not bad for a character who has produced only one seriously good book in 30 years (*Fear and Loathing on the Campaign Trail*, a brilliantly idiosyncratic account of the 1972 election) and is considered even by his fans to be one of the most disappointing literary talents of his generation.

Ms Carroll's technique is clever. Every third chapter or so gives an account of her own "romance" with Thompson, written in the best *Vanity Fair*/Tom Wolfe style, deliciously revealing, funny, and self-mocking. The rest is a

series of quotes from family, friends and enemies, from Louisville, Kentucky, via the Hall's Angels and political writing to the Colorado cabin.

Thus she begins: "I have heard the biographers of Harry S. Truman, Catherine the Great, etc etc, say they would give anything if their subjects were alive so they could ask them some questions. I, on the other hand, would give anything if my subject were dead."

HUNTER
by E. Jean Carroll
Simon & Schuster £16.99, 341 pages

He should be. Oh yes. Look at his daily routine: 3.00pm rise: 3.05 Chivas Regal with the morning papers, Dunhills. 3.45 cocaine: 3.50 another glass of Chivas, Dunhill: 4.05 first cup of coffee, Dunhill: 4.15 cocaine: 4.16 orange juice, Dunhill: 4.30 cocaine: 4.54 cocaine...

Eventually you get the picture, through the 7pm lunch at the Woody Creek Tavern (Heineken, two margaritas, two cheeseburgers, fries, tomatoes, coleslaw, taco salad, fried

onion rings, carrot cake, ice cream, bean fritter, Dunhills, another Heineken, cocaine, and for the ride home a glass of shredded ice over which is poured three or four jiggers of Chivas). At 9pm he "starts snorting cocaine seriously"; at midnight, fortified by Chartruse and pornographic movies, he is "ready to write."

Or not, because it is a long time since Hunter Thompson has written anything. But there is no point in being faced about this. To write may be to disappoint: to be Hunter S. Thompson is to be a weird kind of icon. Dick Goodwin, an old friend and intimate of the Kennedys, says: "Hunter Thompson is a unique character of our times. He is a reality, which is one thing. And he is a symbol, which is another thing. And he is both ultimately sane and crazy. He is also drunk and sober."

Carroll, with the deftest of touches, offers the most entertaining of reads with, correctly, an absence of moralising. Other minor literary characters should be so lucky.

Jurek Martin

ARTS

Venice Biennale Chaos, crowds and comedy

HERE ARE times, even now, when one is proud to be British. To find oneself at Venice, with the temperature nudging into the sixties and facing the prospect of a week or so in the clothes one stands up in, is not one of them. The errand bags turned up the next day, with their absence unexplained but at least intact. Your correspondent is once more his usual dapper and imperturbable self.

Not that that happy state has been a little difficult to maintain. The heat and humidity are trying enough, "but the noise, my dear, and the people." In spite of the public avowal by the director, Achille Bonito Oliva, at his London press conference that this, the 45th Venice Biennale, would be ready in time, it has proved so far the worst organised of any in my experience of the last 20 years. The central sight and focus of the Biennale are the public gardens at the far end of the city proper. There beneath the trees are the many national pavilions that make up so engaging an account of the architectural progress of the century. There, too, is the maze-like central pavilion that houses the principal thematic surveys of recent international art. And so, in the avenue before the gates into the gardens on the first of the three press days, the comedy begins, just as it has begun on the first day of every Biennale.

Well, the world's art critics, want to get in, and they, the guardians of the gates, young earnest men with walkie-talkies, and a handful of armed carabinieri who lead a certain tone, do not want to let us in until the last possible official moment. Fully-loaded cameramen are climbing everywhere above us to catch it all. Only this year the wait goes on and on, long after the promised hour. The sun beats down. Temperatures shorten. Fists are raised. Things are said.

People had been going in all the time, of course, if they had the magic words to whisper, or pass to show. Then there came the wonderful moment when the dam broke. I suppose some 50 got through, before the gates were closed again by force, rather like the gates of Hougoumont at the battle of Waterloo. We too managed to break in, to our immense satisfaction, in a diversionary raid on the side gate.

And so into the gardens, to make a start on the pavilions and exhibitions and to face the perverse ordeal of accreditation, which means another crush, another endless wait, and more hard words and lost temper. This year the catalogue is in short supply, can hardly be had for love or money, and when at last achieved it weighs a ton. You cannot imagine the desperation, the sheer panic of the critic denied his catalogue.

The next few days will bring receptions here and gossip there, things to be seen, conclusions to be drawn. Francis Bacon in the city, the young artists in the Arsenal, Richard Hamilton in our pavilion - such things await a thorough notice. The Biennale is under way again, and for the moment it is enough to lean on the balcony of the British pavilion, high above the gardens and the throng, a cooling glass on hand. Being British does have its moments after all.

William Packer will write about the Biennale on Tuesday and Saturday next week.

William Packer

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THE GOVERNMENT has started soundings in its search for a new chairman of the Arts Council to replace Lord Painswick next April. Rumours suggest that the usual suspects have been rounded up, including former arts minister Lord Gowrie, who is not fully stretched these days as chairman of Sotheby's.

But the government's task in filling this unpaid job with endless opportunities for nights at the opera has not been made any easier by the explosive resignation this week of Lord Rix (former actor Brian Rix) who for seven years chaired the Council's Drama Advisory Panel and its Arts and Disabilities Committee.

Lord Rix was not mealy-mouthed in explaining why he was quitting. "For more years than I care to think the Arts Council has been viewed with barely concealed contempt by successive Arts Ministers as well as by our clients," he goes on to accuse the Council of "fawning" if it receives a reasonable grant from the government, and when, as this year, there is no real increase, behaving "like lemmings, devising fatuous so-called policies, and strategies, and visions, and corporate plans which are merely feeble attempts to cover up the fact

that we have been defecated on from a great height."

As a seasoned *farceur* his timing was spot on, prompted by last week's report by consultants Price Waterhouse into the workings of the Arts Council. "Two things really got up my nose," he says. "Their recommendation to cut back the number of panel chairmen and regional arts board directors on the main Council, and the suggestion that the Council should not go in for social engineering. If the arts are not in the business of social engineering, what are they for?"

Behind the specifics is a more fundamental trigger for Lord Rix's outburst. He thinks that the Council has allowed itself to become a football of the government. It should have re-examined its role and future itself rather than submit to an investigation by outside consultants. He feels that through apathy the Council has made itself dependent on its paymaster, the Heritage Minister, and has surrendered the cherished arm's-length principle.

One can understand his anger. For years the Council

seems to have been churning out reports - on devolution, strategy, internal organisation, as well as specialist working papers. Various arts ministers have played pass the parcel with it some, like Richard Luce, favouring devolution of its powers to Regional Arts

Anthony Thorncroft on an explosive resignation

Boards; others, such as David Mellor, basically wanting to make the funding decisions for major clients personally; or, like the current incumbent, Peter Brooke, adopting a *laissez-faire* approach.

Lord Rix has a point over the changing attitudes towards "social engineering." To a great extent the Council has responded to its bosses. Luce wanted more attention paid to women in the arts, Renton was keen on cultural diversity, Brooke on disability. Their

wishes were slavishly followed. Now Price Waterhouse turns all this on its head and says that the Council should return to a mainstream role as advocate of the arts.

Of course Brooke can ignore the report. But he seems committed to the Price Waterhouse option of letting the Council carry on much as it is but saving £850,000 a year by cutting 30-odd jobs, and by putting out such activities as touring to a separate agency.

A dispassionate observer may feel that for all the government's huffing and puffing very little has changed at the Arts Council. Most of the reforms amount to little. After 14 years of Conservative government it remains an entrenched bureaucracy, the arms-length principle still largely intact. It has lost some powers through devolution, but that was very much its own policy pronounced in the "Glory of the Garden" initiative of the early 1980s.

The new chairman's main concern will be money. After three years of generous treatment by the government,

which has raised the Council's grant by 77 per cent to £225m, the cash flow is due to be switched off. In the face of a planned cut of £5m in its grant for 1994-95 the Council intends to announce in July that it will make strategic arts decisions - instead of shared misery it will divert money away from devolved regional theatres and towards contemporary dance and the visual arts. In the event little more than £1m or so will be transferred, and although some arts organisations will suffer and claim they face closure, they will probably survive.

The real fight over money comes when the government confirms the Arts Council grant in November. Secretary General Anthony Everitt is "very grim", and fears that the £5m cut could become £10m. New chancellor Kenneth Clarke likes jazz but is not often seen in the Covent Garden crush bar, and Peter Brooke shows little enthusiasm for asking for more. The winter may be full of horror stories about bankrupt arts companies.

A new chairman will be courted with promises that the structure of the Arts Council has been sorted out, and that there is an exciting new playing field, the national Lottery, to administer. But these plus points will seem less attractive if the long anticipated cash crisis in the arts finally arrives just before he comes into his inheritance.

Rix rattles the Arts Council

Elusive Ghosts

THIS NEW account of Ibsen's *Ghosts* is nearly, so nearly, a classic. The play works beautifully in the close surroundings of The Other Place, and the performance shines with vintage RSC virtues. Every facet has been honed for meaning, the actors play as a true ensemble, voices are handsomely produced with a wide, musical range of nuance, and the designs are unobtrusively attractive. Why then is the production less than ideal? Partly because of two vintage RSC flaws: where the casting is perfect, the acting is not always spontaneous; and where the acting is spontaneous, the casting is not always perfect.

Set against these caveats, however, is the thrill of *Ghosts* itself. Above all, it is about the choices - past, present, future - that tragically pin down a woman who has married without love. She spends most of the play breaking through one trap, only to meet a worse one. Jane Lapotaire should be wonderfully cast as Mrs Alving. Every aspect of her is turned into expression and character. You see the hopeful girl she was, the sharp old woman she is becoming, and the severity and sorrow that have shaped her. But why so much calculating (and some times melodramatic) emphasis? Why repeat the same old right-arm gesture of entreaty, the same gaping mouth of dismay, so often? Why the pregnant pauses, the sobbing break-up of sentences into disparate staccato words? Too much artifice.

The only artificial feature of Simon Russell Beale's Oswald is his blonde-than-blond hair. Tensely cool with Manders, respectful but guarded with his mother, he reveals the angry young man in Oswald. But his

embittered air of disillusion - invaluable in roles from Thersites (*Troilus*) to Richard III - is Oswald of his idealism. Two months ago, a young actor, Jonathan Wrather, played this role at the Palace Theatre Watford, with less revealing detail but the kind of Montgomery Clift nervous intensity that swept the play up into a thrilling near-apocalypse. When Beale asks for "the sun... the sun...", I am gripped by the shocking dullness of his tone - yet I cannot believe that sun is what he wants.

But expecting to find a flawless performance of a major Ibsen role is like looking for a garden without weeds. Each character is so multi-dimensional that it presents an actor with a supreme challenge. Manders, for example, is more glib and slow-witted than John Carlsie shows. In every other respect, however, Carlsie is exemplary. He reveals Manders's morality from several sides - the blinkered Calvinist rigor, the tender, grave idealism (which attracted Mrs Alving), the insensitive rectitude that renders him eventually laughable. And played with utter ease.

John Normington's Engstrand is a plausible crook. Alexandra Gibb's Regina is radiant, servile and pushy - a marvellous mix. Vikki Mortimer's designs and Tina MacHugh's lighting, beautiful in themselves, entirely serve the play. Katie Mitchell, always a master of intimate space, directs the play as a powerful web of eloquently interacting details.

At The Other Place, Stratford-upon-Avon, until July 24 and later in the season.

Alastair Macaulay



Simon Russell and Jane Lapotaire in *Ghosts*

Irish questions

FOR SOMEONE who writes about the micro-world of Donaghy, Brian Friel has a formidable range. Those who admired his gentle *Dancing at Lughnasa* a couple of years ago will find this revival of *Translations*, written in 1980, much stronger meat.

Translations is almost an overtly political play. The time is 1833. The English military have arrived to conduct the first ordnance survey of Ireland. As David Killick's nonsense-from-the-natives Captain Lancey explains, there are two reasons. One is to equip the military authorities with "up-to-date and accurate information in every corner of this

part of the empire". The other is to provide a basis for a new land evaluation for the purpose, he claims, of more equitable taxation. Subsequent developments suggest that the military can be very brutal. English audiences should not wince at that. Imperialism showed its nastier side in Ireland. Harder to take is the hyper-romanticism of the Irish in the first half of the 19th century. Every peasant, however drunken, carries a copy of Homer in his pocket. The entire rural population attends hedge schools where they imbibe arithmetic as well as the classics. They prefer to converse in Greek and Latin rather than stoop to English.

Perhaps we should put that down to poetic licence. The main practical criticism of *Translations* is structural. The play does not have an ending; it just stops. There has been the heavy hint of the murder of an English officer. The military is about to exact its revenge, first on the animals, next on the people. Then Hugh, head of the hedge school, begins a long speech about what came out of *Troy: Urbs antiqua fuit*. The curtain falls, in the case of the Donmar Warehouse, out go the lights.

I suspect that this is Friel deliberately running away from the political tension he has built up. The best parts of *Translations* are not about imperialism, but rather slow changes over time, especially in relation to language: that includes local place names, which the English want to standardise.

Nor is the play particularly anti-British. Some of the young Irish actually want to learn English, if only for emigration to America. The more educated Irish can speak English anyway; it is just that they regard Ovid in English translation as sounding plebeian.

Yet while the play has its defects, it has some marvellous

spears in allowing a young English officer to communicate with an Irish girl in spite of the language barrier. "Say anything at all," says Zara Turner's Maire, "I love the sound of your speech." Tony Roh's Homer-loving layabout believes in his cups that he has received a proposal of marriage from Pallas Athena and is seeing her father, Zeus, tomorrow. More seriously, Norman Rodway's Hugh goes into a discourse about endogamy or marrying within the tribe. He gives the word in Greek. It is a mild relief that he appears to accept exogamy - marrying outside the tribe - as well, but clearly it is the exception not the rule. Until Friel backs away, the message is that it is dangerous to truck with the English - almost, in other words, "Troops Out!"

The refurbished Donmar Warehouse is setting high standards. *Translations* is

directed by Sam Mendes and there is an austere, wet hay-smelling set by Johan Engels. It fits the barren atmosphere; the only child mentioned in the play dies in infancy.

Donmar Warehouse, London WC2. 071-967-1150

Malcolm Rutherford

PIANO AUCTION

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Off The Wall

Better times at the Fairs

ONE OF the more diverting scenes of an English summer is to watch the queue of millionaires snaking outside London's Grosvenor House waiting for the doors to open for the private view of the annual Antiques Fair.

Why they are in such a frenzy is hard to imagine. Are they really fighting over Constable's "The Wheatfield", on offer at Agnews for \$8m; or the life-sized statues of Queen Victoria and Prince Albert at Country Seat priced at \$54,000; or a rare signed Book of Hours of 1510 that Sam Fogg is selling for \$200,000? Well, yes, actually. The first man into the fair rushed to the stand of new exhibitor Grace Wu Bruce and bought a Ming folding chair for \$150,000. He was one of the many Far Eastern dealers and collectors in the throng, which was encouraging for the exhibitors since this is the region that seems set to dominate the art market in the foreseeable future.

First stop for the Japanese, Taiwanese, Korean, and Hong Kong buyers in town was Eskenazi's new gallery of oriental art in Clifford Street, where his exhibition of "Early Chinese art from tombs and temples" was nearly cleaned out on the first day when 28 of the 48 items were sold, including four each priced at over \$1m. By Thursday he had sold 32 objects valued at more than \$10m.

Oriental art still attracts traditional western buyers, too. So while a Japanese museum paid over \$1m for a bronze and silver ox of around 350 BC, a marble votive stele of around 450 AD went to the Cleveland Museum for \$1.3m. The grave goods that orientals are loath to buy, such as Tang horses, have western fans, such as the American collector who acquired one for over \$1m.

The first reactions from Grosvenor House dealers was that business this year, while still sedate, was a little brisker than last. Down the road at Olympia there was a surge of optimism when first day attendances clocked in 40 per cent higher than last year. Then came the hot weather, a falling off in numbers and a return to reason, but even so on Monday, when dealers re-stocked stands for the final six days, chairman Leslie Waller reckoned he supervised the biggest inflow of antiques since 1988.

Trade is definitely picking up, but as one dealer who has just completed his financial year complained: "My turnover is 20 per cent higher but my profits are still non-existent." Buyers know they are in the driving seat.

There are more signs of better times. The William Weston Gallery sold 24 of its 37 Matisse etchings in two days, and at this week's auctions, while there is little interest in the mundane, the exceptional fetched good prices. Sotheby's had its best total, \$5m-plus, for a sale of Victorian pictures, and disposed of an Alma-Tadema for \$1.4m. It also managed \$295,500 from a Chinese bronze food vessel, and \$496,500 yesterday from a Louis XV secrétaire by van Risenburgh.

And yesterday Christie's put the cap on an encouraging week with a Victorian picture

auction which brought in \$5.8m and was 91 per cent sold. It set a new record for Alma-Tadema - \$1.65m for his spectacular "Roses of Heliogabalus", as well as artist records for Waterhouse, Strudwick, Meteyard and Marcus Stone. At last it looks as if the worst is over for the art world.

Down at London's Chelsea Harbour something is stirring at last. The place is being invaded not by shoppers, or diners, but by sculptures. The most important sculpture exhibition in the country for almost 20 years has brought 80 installations to the site, including works by Glynn Williams, Elisabeth Frink, Ben Jones, Lynn Chadwick, Michael Kenny and more.

The massive exercise is being underwritten by P & O, developers of the site. It has put up \$250,000 towards the cost, making it one of the largest one-off sponsorships. As well as attempting to resuscitate Chelsea Harbour the exhibition is also lifting the Royal Society of British Sculptors off the floor. This distinguished body had fallen on hard times,

Antony Thorncroft reports on a good week at Grosvenor House

with membership lapsing to under 200 working sculptors. Now an energetic president, Philomena Davidson Davis, is turning it round.

The Canary Wharf show includes works by sculptors who should join the RBS - and might if its revival continues. Most of the pieces are for sale at prices ranging from \$5,000 to the \$160,000 for a *jeu d'esprit* by Niki de Saint Phalle.

Compared with our morose painters, and their bleak vision, sculptors tend to be jolly people who are working well. Glynn Williams, head of sculpture at the Royal College of Arts, reckons all his 18 new graduates this year will be gainfully employed as sculptors, even if most of their commissions come from overseas. In total the output of UK sculptors has been valued at around \$400m a year.

Most of the work goes overseas. But there is a revival in outdoor sculpture in the UK. The highest commission in London, three sculptures, valued at \$250,000, to decorate the approaches to the Limehouse Link road to Docklands, has just been unveiled. All told there are now more than 40 pieces of public art in Docklands, and you can trace them through a new art map.

Last week the Art in the City Sculpture trail opened in the City of London, and this week the Arts Council-British Gas Working for Cities awards were announced, in which the Art in Public Spaces prize went to the Wakefield Cathedral Precinct. Contemporary art may be hitting its head against a brick wall of popular indifference but sculptors, who have moved beyond the abstract, seem to be more in harmony with the public mood.

I had to sell my fiddle.

ARTHRITIS GOT THE BETTER OF ME

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ARTS

Elder takes his bow at ENO

THE CHAPTER is coming to its close. Two Saturday's hence, Mark Elder will conduct Verdi's *Macbeth* - the final performance of the current English National Opera season and under the current company trioka. Thereafter Peter Jonas moves to the Intendant's chair of the Bavarian State Opera in Munich, while both David Pountney, ENO Director of Productions, and Elder, Music Director, take up the freelance life.

Typically for a conductor whose work has always been with energy, commitment and a sense of purpose, Elder is not letting himself out of the job gently - his final month at the Coliseum in London has been filled with nights on the podium. Typically, too, these nights have not been splashy. Neither *Macbeth* nor *Inquest of Love* - the specially commissioned Jonathan Harvey opera, of which Elder last week led the superbly confident premiere - exactly counts as a conductor's show-off opera, even if each requires every last ounce of mastery authority in their musical direction. Indeed, in his Coliseum office, Elder pronounced the Harvey "one of the very hardest things I've ever done".

I had gone there to cull his thoughts about the past decade at the ENO - during which time the company became one of the most exciting in the world, a company with "attitude", where opera was put on in a spirit of innovative, sometimes provocative exuberance, and always - the key quality - theatrical engagement.

Elder is the Old Boy of the triumvirate. He had joined the company in 1974, and in December 1979 succeeded Charles Groves as music director - Pountney took over from Colin Graham (as director of productions) only in 1982, and Jonas from Lord Harewood (as artistic administrator) in 1985. He had known both Pountney and Jonas for a long time (Elder played bassoon and Pountney trumpet in the

National Youth Orchestra and later did opera together at Cambridge. Elder and Jonas both worked at Glyndebourne in the late 1960s).

"The force of will to bring these *compagnons de guerre* to the Coliseum is, one senses, a quality Elder possesses in abundance. What happened there - the invention of what he once defined as "a contemporary house of entertainment, a questioning, exploratory and youthful British opera company" - was no single person's achievement. Yet Elder's share in it needs just that bit of extra underlining - above all because musical standards at

Max Loppert pays tribute to the end of an operatic era

the Coliseum have risen so remarkably high over the last decade, so that even on those occasions when the production style seemed devised to drive traditionalists mad, the inspired quality of music-making could hardly be denied. How had that happened?

"In a gradual and sometimes painful way I had to try and set everybody's sights a bit higher. Some people relish the challenge, and rise with it, and do better than they've done, and feel better about themselves as a result; others can't keep up with the pace, and so you make changes of personnel, which are painful."

"One of the things that's been most encouraging and inspiring for me is to feel the company something like a liner moving away from the dock. You feel it gradually starting to happen. Throughout the period there have been crucial moments that pushed us forward in a sudden jump - such as the arrival of certain key players in the orchestra. Gradually during the 1980s, as London began to lose its position as the freelance capital of

the world, opportunities for session-playing diminished - with the result, for ENO, that vacancies in the orchestra were answered by a much higher grade of applicant."

"Thirteen years ago, one of the things I most wanted was a sense that every night there would still be a good standard of orchestral playing - which I didn't always feel to be the case in the 1970s. All of this is very difficult to do without incurring a certain dissatisfaction in the house. But I kept telling myself that any dissatisfaction we might be having now are better than those I felt in earlier days."

The vision of opera-as-theatre that unfolded during the 1980s was, as much as anything else, his response to such dissatisfaction. "When I joined the company, in 1974, I had already worked at Glyndebourne and Covent Garden and for the Australian Opera: three incredibly different companies. Right from my very first experiences I watched how things were done well, or not, and who was setting the standards."

"After I started at the Coliseum, I then had five-and-a-half years of watching the company at work, and being frustrated. Above all, the type of theatrical experience that the work offered was, I thought, not often enough vivid, acute and involving. The attitude seemed to be that the staging should never impinge."

"I just knew there was something more total that could happen. I had acted at school and university. I was gripped by theatre. Seeing such things as the Brook *Leah* was a revelation. In the opera house, apart from such occasional things as the Koltai designs for the ENO *Ring*, I never felt that design was an essential element of the theatrical experience."

"At Cambridge I had come alive to the dynamic power of dramatic music. But in 1976 I worked with Joachim Herz [the producer from former East Germany] and Jo Barstow on *Salome* at the Coliseum. We'd never seen anything so con-



Mark Elder: a conductor who blended summaty organised, with such theatrical integrity and unity. The way Herz worked the singers was infuriating - he is very dictatorial - but never at the expense of the singers' individuality: many of them showed a new concentration. I suddenly thought, 'We need more of this!'

In the 1980s, "more of this" was what we started to get: productions by Pountney, Herz, Harry Kupfer, Graham Vick, Nicholas Hytner, and - most enraging to traditionalists - the American David Alden, all demanding a new openness from audiences, and spurring performers to give their utmost. "The outstanding example of that was Alden's *Mozart*, in 1985. The '70s were full of producers who said, 'You lift your spear here!'

Anathema to me: that's completely anti-music. What was so great about David was his way of listening to the music, but trying to cajole the singers

with energy, commitment and a sense of purpose. London, and we want to make a lively experience for the public, give them something colourful, full of zest and attack and balls, if you like."

"But I failed to get this bel canto idea across only because there were so many other enthusiasms. OK, I didn't get my *Linda di Chamounix*, even a nice *Lucia* or *Elisir*, but I gave those up so we could do Janáček, Busoni, more Verdi. It was a question of balance. One reason it will be interesting for the company to have new leadership is that the balance will be re-set, the decisions will be made with different enthusiasms."

Does he want to lead another company, one day? "Yes, I think so. I believe in company life. There are still certain pieces I've never done, and others I haven't done enough. When it is good, it seems better than anything else. That won't change for me."

Radio/B A Young

Rousing tales

IN LAST week's *Feedback*, Chris Duckley was told that Radio 4's *Book at Bedtime* could be so stirring that some people could be kept awake. Listeners were so aroused by, say, John Hadfield's *Love on a Branch Line* that they could not drop off. Now Radio 3 offers daily *Sleepless Nights*. Someone - this week, pianist David Owen Norris - recalls hard moments from their life - perhaps tire some, but hardly liable to induce insomnia. Yet for safety's sake, it is scheduled at 9.55 pm. I have no time for those who hear a programme through and then complain of it. If Lawrence Scott's *Witch-broom* at bedtime next week is disturbing, choices are to switch off, find another station, or (for me), keep Radio 4 on till eleven for *Two Way Cut*, a Scott's serial that began on Thursday with a gruesome death. If you expect a disturbed night, have it properly disturbed.

Radio 3's Marlowe this week was *Edward II*, with aha straightforward direction by Clive Brill - a few cuts, some

scenes moved to underscore the order of events, lines read with intelligence if not much devotion to character. For the National in 1963 Olivier preferred a version by Brecht; few of us went along with that.

The plot tells of the peers' revolt against King Edward II (Robert Glenister) for frolicking with his boy-friend Gaveston (Robert Patter-son) instead of ruling his country. Chief unruly peer is Young Mortimer (Steve Hodson), whom the King suspects of loving his Queen, Isabelle (Adjoa Andon) - though she, in fact, stays so loyal to her husband that when their son 15-year-old Edward III succeeds (Monty Allen, rather good), he has to send her to the Tower. Gaveston, captured by Mortimer and executed, is replaced in the King's affection by Young Spencer, no luckier. The rebel lords win and Edward is murdered in the horrible way we know about. Clive Brill gave us a long scream horrible enough. The play is reckoned an influence in Shakespeare's *Richard II*. Shakespeare never heard Brecht, nor Colin Haydn

Evans. Evans's play *Gaveston* (Radio 4, Monday) has a new idea about Gaveston. Marlowe's lot make him "a Frenchman", Brecht, an Irish butcher's son; Evans reverts to France - the son of Arnaud de Gaveston. A secret faith infects 14th-century Britain, holding that top folk are to be sacrificed for the people's good, as in the case of Jesus. Lancaster, Warwick and the Archbishop of Winchester belong to this cult, and Gaveston, exiled by the King, is chosen to enact their "Calvary". He is ritually slain on a northern hillside on Midsummer Day, his robed executioner one Robin of Barneside, known as Robin of the Hood. I didn't believe a word of it. No "mighty lines", either.

I caught all I could of *Test Match Special* on Radio 5 and Radio 3, and fairly exciting it was, thanks to the players more than the commentators. Yet I thought the scenes after the game's end, with sponsors' cheques, champagne moments, and men of the match, were unendurably aqualid. This is not cricket, not as I grew up with it.

Poetry

St Lucia finds a voice

THE TINY, volatile Caribbean island of St Lucia is a paradise of sorts, and Derek Walcott, this year's Nobel Laureate, is its most celebrated son. Walcott is most famous for his poetry, less famous for his plays and least famous of all for his paintings, though his painterly skills - as an observer of the abundance of natural life on the island, for example - are everywhere evident in the poetry.

By a happy coincidence, Walcott's reading from his epic-length poem *Omeros* at the Purcell Room in London this week coincided with the first publication of his Nobel Lecture, *The Antilles: Fragments of Epic Memory*. A theme common to both is the question of the status of the Caribbean and its indigenous culture.

To the Victorian traveller, the Caribbean was an illegitimate, rootless place. "There are no people there," said Froude, " - in the true sense of the word." And even in our own day, a common Western attitude, no less patronising, has been one of elegiac pathos. It is a culture fit to be wept over - but not one to be taken too seriously. One of the most important consequences of Walcott's Nobel Prize is that it has given a legitimacy to Caribbean writing that many thought it lacked.

Walcott's 350 page narrative poem embraces many themes and characters. In his reading he chose to concentrate on an under-explored thematic inlet: the characters and pre-occupations of Major Dennis Plunkett and his Irish-born wife Maud, a childless couple who settle on the island after the second world war.

The Englishman Plunkett is a study in post-imperialist disease. A veteran of Monty's African campaign, he has grown accustomed to playing the officer's pith - all grit in the throat. The couple have retired to St Lucia because it is a place "where history cannot happen". (History, of course, disagrees.) They exchange the pastoral calm of rural England for the "loud-mouthed forests on their illiterate heights", and the problems and challenges of a society that has survived its French and English colonisers.

Walcott squats on a high stool for the reading, as if preparing himself, like Plunkett, for the first drink of the evening. He looks much younger than his 60-odd years. There is something imperious about the lordly nod he gives the audience in return for their tumultuous reception of his presence. This is the fourth time he has read from *Omeros* to a large London audience, and his lulling baritone sounds curiously disengaged for most of the 150-odd minutes that he reads - until he reaches the

final section of the poem, an account of Maud's death, which includes a marvellous mock-imperial flourish: "She was his orb and sceptre, / the shire of his peace."

This is followed by a catalogue of the detritus of Empire, all mimosas memories, ostrich-plumed Viceroy and felt-footed houseboys. The shock of colliding with such marvellous poetry shakes Walcott into vigorous life in the closing minutes. And next time he comes he will perhaps read from something different...

What is the opposite of a Derek Walcott? Try Roger McGough. McGough, most companionable of the Mersey Poets, raced through a dozen jaunty family favourites in London last week. McGough's poems are not so much a plundering of the word board as the springing open of a delectable box of tricks - all puns, word play and happy chorus lines. An evening of Liverpudlian verve and patter of this kind even makes you wonder whether poetry might not be a participation sport after all. For all his virtues, Walcott never made it sound easy.

The Antilles: Fragments of Epic Memory. The Nobel Lecture. Derek Walcott. Faber, 32 pages, £2.99

Michael Glover

A Cave full of treasures

The Cave is Steve Reich and Beryl Korot's ambitious, technologically dazzling, theatre piece: three hours of music, video images and computer graphics which gnaw away at our received definitions of what theatre, opera or music theatre ought to be. It received its first performance a month ago in Vienna, moved on to Berlin and then for the first week of the Holland Festival to Amsterdam, where it was presented in the wonderfully flexible space of the Goederenbeursaal in the old stock exchange building. In August it moves to London for a season at the Royal Festival Hall.

The Cave is an exploration of Reich and Korot's Jewish heritage, or more precisely the way in which part of that heritage, the story of Abraham and Sarah and their sons Isaac and Ishmael, is retained and shared in the memories of present-day Israelis, Palestinians and New Yorkers. The basis of each of the three acts is a set of video interviews with prominent citizens in West and East Jerusalem, and in New York; the images and the speech provide the starting point for both Reich's music and Korot's visual collages, as details of both are taken up and used as the jumping-off points for detailed development.

Both sets of processes are fascinatingly worked out, and neatly complementary; as the talking heads are projected on to one or more of the five video screens that dominate the "set" for *The Cave*, decorative details from the images may be shown alongside them or computer-generated texts reeled off in parallel in French, German, English or Arabic. Meanwhile the performers - four singers and the 13 instrumentalists of the Steve Reich Ensemble (conducted by Paul Hillier) - take up words, phrases, speech rhythms or pitch collections from the video voices and weave around them commentary and accompaniment.

The music produced is characteristic of recent Reich: *Different Trains*, the string quartet he wrote for the Kronos Quartet and which also used archive interviews, is the most obvious point of reference. The score is muscular, intricately worked, carefully judged. Each of the first two acts kicks off from the respective Jewish and Islamic responses to a set of questions that begins with "Who is Abraham?" and "Who is Sarah?" "Abraham for me is my ancestor" offers the first interviewee; "Ibrahim was neither Jew nor Christian, but a Muslim" asserts a Palestinian in the second act.

Both sets of responses are underpinned by the sound of the string quartet, though

when in both codas the focus changes and the screens offer a travelogue showing Jerusalem and Hebron today. Keyboards begin to colour the sound world. The third act is altogether tighter and more colourful as the American responses set up all kinds of allusions - "Abraham Lincoln High School, high on the hill midst sand and sea, that's as far as I trace Abraham", admits Richard Serra. The whole ensemble is brought in, and the musical climax is reached with a retelling of the story of Abraham and Isaac, when the music darkens and becomes overtly expressive. The ending is abrupt, matter of fact.

Reich and Korot have invented a richly woven tapestry, novel in its presentation, delicately balanced in the issues it raises. There are no overt political messages, but the historical undertow is inevitable in the first two acts - "The Cave" of the title is the place in which Abraham and the patriarchs are reputed to be buried; it is now the site of a mosque. And the sense of the US as hermetically sealed, cut off from that bundle of racial and religious issues half way across the world, is tellingly conveyed in the third.

The third act, indeed, just over half an hour long, is a bracing and thrilling creation, fast-paced and full of wonderful visual and musical invention. The first two acts, though, are too long, especially the opening one, which takes 65 minutes to lay down the biblical background, and set up the compositional techniques. With insufficient contrast of approach between Acts 1 and 2, only (only!) the change of religious emphasis, the cumulative musical impression is too diffuse; the audience has cottoned on to the use of the video images and the computer keyboards rapping out text.

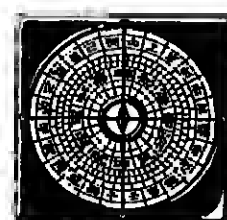
Yet so much about the concept of *The Cave* is thoughtful and fresh that one almost forgives its longeurs. Reich has sought out a genuinely new synthesis of sound and image. By the third act he and Korot are making it work, and that final half an hour more than justifies his faith and the audience's patience.

Performances of *The Cave* at the Royal Festival Hall, London run from August 18 to 23.

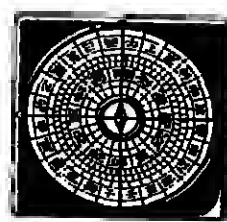
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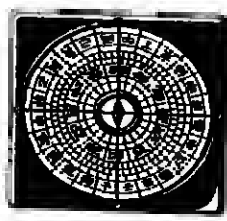
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TELEVISION

SATURDAY

BBC1

7.00 Ceejay Pages, 7.30 News, 7.30 Phoccho, 7.50 The All-New Popeye Show, 8.10 The Girl from Tomorrow, 8.30 Patsy Stone and Co, 9.00 Parade 9, 10.30 Tropic of the Colour.

12.12 Weather.

12.15 Grandstand, introduced by Steve Naylor. Including 12.25 Racing: Preview of the forthcoming week of action at Ascot. 12.35 Motor Sport: Round five of the British Touring Car Championship from Oulton Park. 1.00 News, 1.05 Tennis: The Stella Artois Championships. The French Open showed how strong men's tennis is. On grass, the sport has a different group of stars, and former Wimbledon champion Boris Becker and Stefan Edberg should still be in the running at this stage of the tournament. Commentary by John Barrett, Mark Cox and David Mercer.

6.30 News.

6.35 Regional News and Sport.

6.40 Jimmy Kimmel.

6.45 The Main Event.

7.00 The House of Eliott.

8.00 Open All Stars.

8.30 Birds of a Feather.

8.40 Westbeech.

9.00 News and Sport.

10.10 This is Life.

10.30 Film: Attack Force Z.

12.20 Weather.

12.25 Close.

BBC2

6.40 Open University.

3.00 Film: Madeline.

4.50 Tennis: The Stella Artois Championships.

6.30 News.

6.35 Regional News and Sport.

6.40 Jimmy Kimmel.

6.45 The Main Event.

7.00 The House of Eliott.

8.00 Open All Stars.

8.30 Birds of a Feather.

8.40 Westbeech.

9.00 News and Sport.

10.10 This is Life.

10.30 Film: Attack Force Z.

12.20 Weather.

12.25 Close.

LWT

6.00 GMTV, 9.25 Rugby: The Lions Tour, 11.30 The ITV Chart Show, 12.30 pm Movies, Movies, Movies.

1.00 ITN News.

1.10 Wanted, Dead or Alive.

1.40 WWC Worldwide Wrestling.

2.30 International Schoolboy Football.

4.45 ITN News.

5.00 News and Sport.

5.10 Film: The Trial of the Incredible Hulk.

7.00 Stars in Their Eyes.

7.30 The Brian Conley Show.

8.00 The Bill.

8.30 London's Burning.

11.15 ITN News.

11.30 London Weather.

11.35 The Good Sex Guide.

12.05 ITN News.

12.10 Rock Sport.

12.30 Close.

CHANNEL4

6.00 Early Morning, 10.00 News World Sport, 11.00 Gazette Football, 12.00 Sign On, 12.30 pm Kasek, English subtitles.

1.00 Film: The Rain of Rancor.

2.55 Racing from York.

5.05 News.

5.10 Film: The Trial of the Incredible Hulk.

7.00 Women Have No Country.

8.00 Best of Cutting Edge.

9.00 The Seldersbach Connection.

10.00 Cheers.

10.30 Film: Danzon.

12.25 Hollywood Movie.

12.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

ANGLIA.

1.05 Anglia News, 1.10 Monster Trucks - Racing to the Finish, 1.50 WWC Worldwide Wrestling, 5.00 Anglia News and Sport, 11.30 Anglia Weather.

BORDER.

1.05 Border News, 1.10 Stuntmen, 2.00 Nigel Mansell's IndyCar '93, 2.30 Sports Illustrated, 5.00 Border News and Weather.

CENTRAL.

1.05 Central News, 1.10 Nigel Mansell's IndyCar '93, 2.10 Cartoon Time, 5.00 Central News, 11.30 Local Weather.

CHANNEL.

1.05 The Muppet Show, 1.05 Channel Diary, 1.10 Like Father Like Son, 5.00 HTV News, 5.05 Road Runner, 11.30 HTV Weather.

GRAMP.

1.05 Gramp News, 1.10 Stuntmen, 2.00 Nigel Mansell's IndyCar '93, 2.30 Sports Illustrated, 5.00 Gramp News and Weather.

HVS.

1.05 HVS News, 1.10 Nigel Mansell's IndyCar '93, 1.40 Like Father Like Son, 5.00 HVS News, 5.05 Road Runner, 11.30 HVS Weather.

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CHESS

WHEN Bobby Fischer

challenged Boris Spassky in

1972, thousands of amateur

chess players decided to test

their competitive skills. They

flocked to weekend congresses,

where some discovered an

untapped talent for the tourna-

ment circuit. Others were

defeated but became regular

club, county or postal players.

Weekend chess in 1972

required stamina. There were

Friday night rounds, three

games on Saturdays, 9 am

starts and late night finishes.

Tournaments in 1993 are more

player-friendly, often with all

the play on a single day and a

maximum one hour per game.

If your competitive instincts

are aroused by Kasparov and

Short, try a one-day, open-to-all

congress. These are staged

most weekends in London, and

less frequently in other UK

centres.

Playing conditions at the

Barbican Centre one-day are

good, and there is an intriguing

mix of opponents. UK No 2

Michael Adams and former

British champion Jim Plaskett

often compete, as do talented

club players and novices.

Entry is £10, with a £10

first prize. The next Barbican

event is on Sunday 20 June; for

details, call 081-446-8569.

Other regular London one-

days are at Golders Green

(next event 19 June;

081-202-0882), Westminster (26

June; 081-595-5381) and the

Chess & Bridge Centre (071-888-

2404). The British Chess Feder-

ation (0424-445500) issues a free

calendar of all UK congresses.

Some have separate tourna-

ments for weaker players.

The best playing style in one-

day chess is direct and aggres-

sive, avoiding long games and

the uncertainties of a race

against the clock. Alertness

and quick decision-making are

important.

No 978

White mates in two moves,

against any defence (by A

Grin). This took me seven min-

utes; can you do better?

Solution Page XXIII

Leonard Barden

West began with two of di-

monds, dummy's queen was

taken by the ace, and East led

back a diamond to the king. I

pulled the trumps with queen

ASTRONOMICALLY speaking, summer does not arrive in the northern hemisphere until June 22. But in London, you can tell the season has started – less because the capital has briefly basked in sunshine this week than because it is bursting with the annual invasion of foreign tourists.

Britain is the world's fifth most popular holiday destination, but while many of its citizens have the occasional grumble about this phenomenon, few question whether it is a good thing. Spending by overseas visitors brings in more than £7bn a year in foreign earnings. Britons are told. The tourist industry contributes more than £25bn a year to the economy and provides 1.8m jobs. Many of London's theatres, shops and restaurants might close if the tourists stayed away.

Yet this is a bogus assessment,

for it looks at only one side of the equation. A proper analysis would start with the fact that British holidaymakers going abroad spend £3bn a year more than foreign tourists bring in, so the net effect is negative. But even leaving this aside, there are other costs that ought to be shown on the balance sheet.

One example is the cost of maintaining redundant emblems of the national heritage for tourists to gawp at, such as old buildings, oddly attired soldiers and the royal family. Another is the cost to British taxpayers of providing foreigners with subsidised arts and enter-

tainment, subsidised transport, and public services such as refuse collection and policing. And what figure shall we put on the costs of the traffic congestion caused by hundreds of tourist coaches grinding around the capital each day?

The benefits of tourism, meanwhile, are not what they are cracked up to be. Take those 1.8m jobs. Pickpocketing, drug peddling and prostitution aside, most are not only degrading and servile, but extremely badly paid. Certainly in the capital, it is rare to find any cases where tourism provides jobs for the indigenous population. Brit-

ons would sooner beg on the streets than wash other people's dirty bed linen, grill their hamburgers or sweep up their litter.

As for the theatres, shops and restaurants that would be imperilled if the tourists stayed away, still unexplained is the mystery of how they thrived for so long before the tourists arrived. For theatres, the most obvious effect of tourism has been to reduce diversity by encouraging the proliferation of mindless musicals that foreigners can tap their toes to without needing to understand the words.

And what of the tourists them-

selves? Do they really derive any pleasure or benefit from watching the changing of the guard at Buckingham Palace, being cheated by the street vendors that prey on them, or eating hamburgers in different branches of McDonald's? Not at all: they gain nothing in terms of enlarging their understanding of another culture. They are simply country-spotting, collecting passport stamps and snapshots with which to impress their neighbours once they are back home.

In short, the time has come to recognise that if tourism confers any benefits at all, they are far out-

weighed by the disbenefits. Ideally, it should be abolished; but since freedom of movement is a human right, a more cautious approach will have to suffice.

One possibility would be to start recognising tourism as a social evil, like smoking or drinking, and to forbid activities which promote it. As a first step, all tourist offices would be closed, and the vast sums used to finance them diverted to more productive ends. And as an interim measure towards the prohibition of tourism advertising, legislation would require all tourist advertisements to be accompanied

by the warning: "Tourism damages your country's health."

Planning policies would also change, so that any application that held the possibility of encouraging tourism would be refused. Heavy tourist taxes would be introduced, partly to discourage people from indulging in tourism in the first place and partly to ensure that those who persisted in travelling compensated society for the costs of their habit.

The trouble is, all this could prove too controversial for Britain's beleaguered government. There is, however, an alternative. Last time Britain was faced with the threat of an invasion, during the second world war, its citizens stopped talking to strangers and turned all the signposts round so they pointed in the wrong direction. Desperate times call for desperate measures: it is time to resume hostilities.

A social evil called tourism

Richard Tomkins questions the value to Britain of foreign visitors

Private View/Christian Tyler

When every citizen has his shout

LONDON will be treated next week to the spectacle of an Athenian trireme of the Fifth Century BC – the fastest, sleekest wooden warship in history – paddling down the river Thames to call on the mother of parliaments at Westminster.

The trireme *Olympias* has been freighted from Piraeus to provide the climax to a little-remembered anniversary: the invention of democracy 2,500 years ago in Athens, by Cleisthenes the Alcmaeonid.

As it happens, *Olympias* is more than a symbol of the technological cunning and maritime imperialism of ancient Attica, more than a symbol of the Greeks' political legacy. She is also a product of British philhellenism.

Until a few years ago most experts said the trireme, a two-masted ramming machine powered by 170 citizen oarsmen arranged in three tiers, was a mechanical impossibility. Then two British scholars, John Morrison, a classics professor, and John Coates, a former chief naval architect at the Ministry of Defence, assembled the evidence, reconstructed the design and persuaded the Greek navy to build it.

The Athenian trireme turned out to be real. But how real was Athenian democracy?

I took the question to Sir David Hunt, a classical scholar and diplomat, a 79-year-old polymath and polyglot who is married, as it happens, to a Greek-Cypriot wife.

Sir David trained as an archaeologist and has what is usually called a first-class mind. His retirement bobbies, who he is not devouring books (at present the essays of A E Housman and the plays of Aphra Behn), include reaching the finals of *The Times* crossword championship and winning – twice – the *Mastermind* challenge on television.

He got a First at Oxford, naturally, and became a Fellow of Magdalen College. During the second world war he served on General Alexander's staff. Later he was seconded as private secretary to both Clement Attlee and Winston Churchill before becoming high commissioner to Nigeria (during the Biafra War), Uganda, Cyprus and ambassador to Brazil.

His discourse is encyclopaedic and interjected with phrases I had thought extinct, such as "Bless my soul" and "Capital!" But the old-huffer act is a ploy. As they say in clubland, Sir David knows his stuff.

He explained how in 508/7 BC Cleisthenes the Alcmaeonid proclaimed the doctrine of "isonomia", or equality under the law, and reorganised the voters into 139 constituencies to elect the Committee of Five Hundred (equivalent to the British House of Commons). He left intact the Council of the Areopagus, consisting of former magistrates (like the

House of Lords) but all laws proposed by the "parliament" were to be submitted to the *ekklesia*, the mass meeting of citizens (no women, no slaves) in the market place.

"This is the vital difference between Greek and present-day democracy (I shall treat Britain as a perfect democracy)," he said. "One is participatory and the other is representational."

I mentioned the row over Maastricht and public demands for a referendum. Should we bring back the *ekklesia*? We would not have to go to the

market place. With television we could vote at the touch of a button...

"The danger is, first, that you put perhaps an oversimplified question to the electorate. Second, if people as a whole are consulted you are very liable to get false reactions. If I may refer to Thucydides, that was illustrated by the debate about the revolt of Mytilene in which the demagogue Cleon incited the assembly (in 427 BC) to decide to execute all the males and sell the women into slavery. The next day another

demagogue reversed it and a 'fast trireme' was sent to overtake the first Voters may be swayed by oversentimental arguments."

Is that worse than being swayed by slogans got up by an advertising agency for the purposes of winning a general election?

"Don't forget that for the purposes of winning a plebiscite advertising agencies on both sides will also be inventing slogans," he replied.

Sir David regrets the decline of the classical art of rhetoric,

which in Britain he associates with Stanley Baldwin's hatred of the flowery-tongued David Lloyd George. On top of that, television required that a speaker should look good. "In the days of Abraham Lincoln you had to have something, some ideas. Now you make a few cracks thought up by your staff, to last not more than 40 seconds."

In ancient Athens, political participation was seen as a civic duty. The problem of backsliders was simply dealt with. On voting days a couple

of slaves would be sent through the agora carrying a rope dyed red and herding the people towards the assembly place. Any citizen found with red on his clothes was fined. Because modern citizens are not permitted to vote between elections, I suggested, their participation was feeble. Should we bring back the red rope?

"I think you're exaggerating there," Sir David said. "In Britain you do get a turnout of about 80 per cent, whereas in the US 51 per cent is considered pretty good. Of course in some countries voting is compulsory. I don't think we do too badly."

Another feature of ancient democracies was that certain public officials were chosen by lot. Any merit in that?

"No. It may give you some hope. Ballotting may do too, of course, but at least there is some kind of reason why you've got that one. More often than not it produces outstandingly good results... think of the way the parliamentary system won the last war. We were told so many times by Hitler and Mussolini that democracies were inefficient talking shops and what was wanted was firm leadership."

And we gave Hitler half of Europe...

"...before we beat him. Yes, I agree with you there. But in the end, when it came to the real crunch, the athletic, 'scientific' dictatorships lost."

What about ostracism? Is that a good device?

"Alas, no. They discovered a method of defeating it." In a political trial of strength the two antagonists learnt to collaborate and instructed their supporters to mark their potsherds (*ostraka*) with the name of a third party. Thus the pro-demagogue Hyperbolus in 417 BC found himself sandwiched between Alcibiades and Nicias. He was sent to Samos where he was later murdered.

Was Norman Lamont ostracised?

"Yes, I think he was," Sir David meant that the former chancellor could be seen as the proxy victim of an internal party contest, sacrificed to public (that is, press) opinion.

The Athenians had factions but no real political parties. Was that preferable?

"I believe the development of parties to be the most important thing in the whole democratic process," Sir David said. "You cannot really carry on a proper discussion of public affairs unless you can get up a debate and you can't get up a debate if everybody is a man of goodwill and agrees with each other. You must get 'em going, you must have debate, and therefore you must have parties."

I asked: doesn't history show that democracy is a rather rare and unnatural thing?

"Certainly if you take the whole of history from 800 BC

to 330 AD, the period occupied by democracy was pretty short, I agree. But on the whole it was the best time. They did best under democracy. It is what they chose when they were free, independent and powerful. And I think the same is true of modern times."

Due partly to the influence of Plato and Aristotle (neither of them keen democrats) there was a long hiatus, through the Middle Ages and up to the modern age, when democracy languished except in places such as Iceland and Switzer-

land. "And maybe Andorra," he added, "though I'm not all that strong on the medieval history of Andorra."

Developing countries today – in Africa for example – though they did not practise democracy at least claimed to do so.

"Usually they are gangs of crooks, murderers and thieves who are there simply for the purpose of taking money from every source they can find and putting it into Swiss bank accounts – and they still call themselves the People's Democracy of Whatever-It-May-Be. It's the tribute vice pays to virtue."

Is our idea of democracy really the same as the Athenians'? Isn't ours much less mechanical, much more about individual liberty?

"I really do believe ancient Greek democracy was libertarian in its ideals. I really do think the motive behind democracy was that one man was as good as another."

"Alright, I can think of

plenty of exceptions – add in women, and you've got a very large exception. Nevertheless, it is a fact that Greeks – the Greeks I'm talking about now, Athenians in the sixth century – really did think that one man ought to be as good as another, at any rate in the way he was treated. They knew people are not really equal: they must be treated as if they were. This is a political fiction, if you like, but an exceptionally useful fiction."

Was this idealism, or rather the suspicion that if you did not pretend to treat people equally eventually they would come with pitchforks and tip you out?

"I think the former. It was partly religious, partly the rationalising of Ionians who liked to treat men as atoms – different in terms of individuality but important in the mass."

I was not quite ready to let go: nevertheless, aren't we guilty of taking too sentimental a view of ancient Greece?

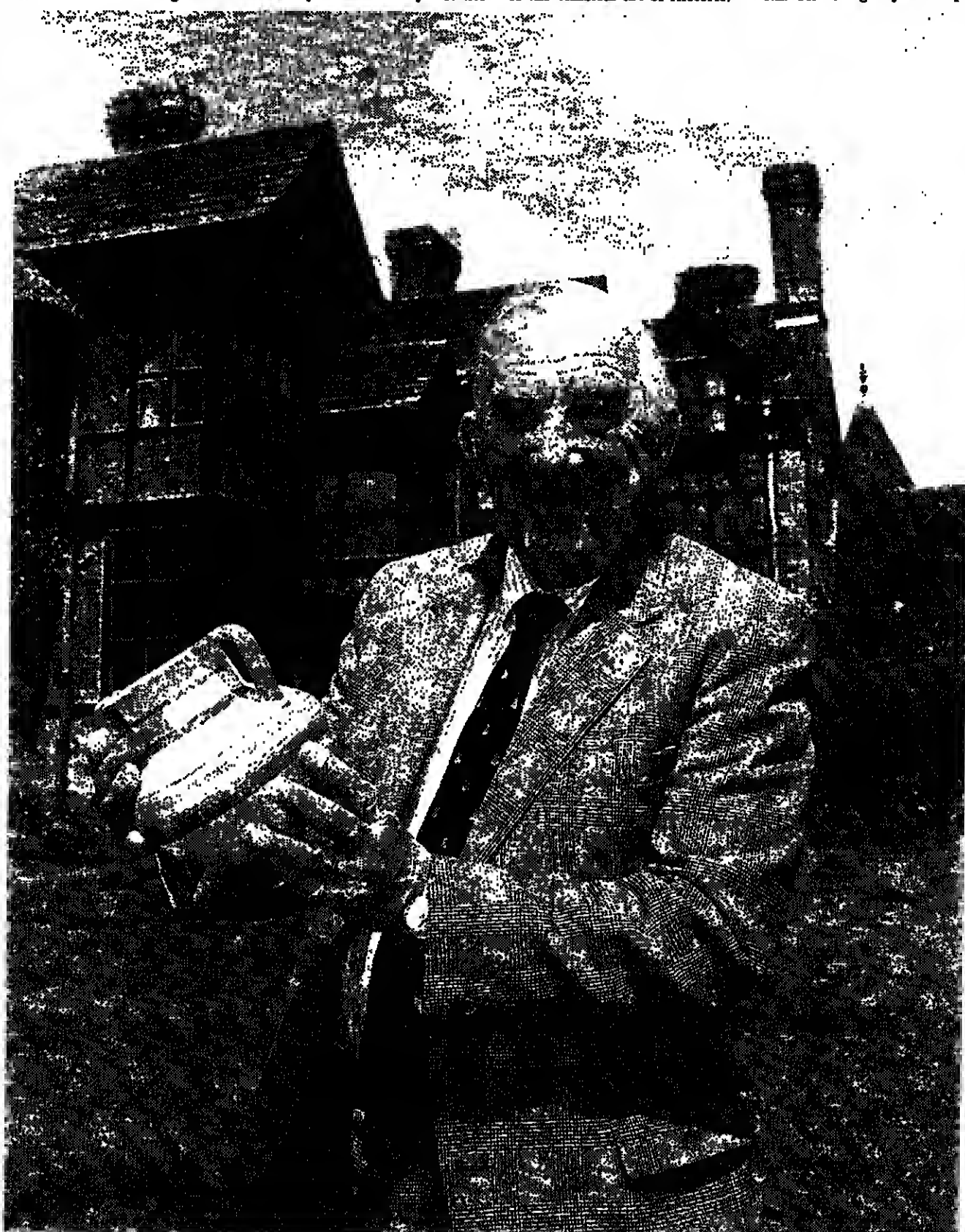
"Yes is the answer to that – and a jolly good thing too," burred Sir David. "But I see what you mean and I will now reply properly to your question."

"The Greek democracies had many abhorrent tendencies. This was pointed out, I may say, by Greek observers at the time. The extreme democrats of Athens were at the same time the most brutal imperialists – they never had an 18th century."

"But, they did have an ideology in favour of freedom. It was a fact you could always get a majority in the assembly in favour of saying all Greeks everywhere ought to be free. You didn't give a damn about barbarians, but Greeks ought to govern themselves, dammit!"

"Although I've been condemning 'em, they had their bright side. And it was this side that has the hope for the future. Because in the world as a whole it is a good idea that people everywhere should be free to govern themselves. It's quite likely they will govern themselves better than other people will govern them."

Democracy was invented 2,500 years ago in Athens. Scholar and diplomat Sir David Hunt discusses whether we have improved on it



Tony Andrews

Love and peace and (lost) dreams

The Sixties are back – and we've never had it so bad, says Nigel Spivey

THE Sixties are in. In and groovy again, as the woolly liberal outfit lovingly dusts down its memories of Paris 1968. They were there: Left Bank and Right On, hanging loose and tripping hard; forging iron in the soul, growing grass on the brain. All right, they argue now, we never did get love and peace; but at least we tried. We had *ideals*, we had *dreams*. If we sited at the law, we did it with flowers and beautiful intentions.

When we danced to the sound of breaking glass, we were really gyrating to hope-heavy vibes. It was all in the cause of a better world, you see: the youth of today just don't care.

I have some problems with this. Yeah, I take a kind of grieved view of all that stuff. Including the wretched parlance of sob-McLuban communication. My own theory is that the 1960s are responsible for just about everything that currently poisons our existence. I asserted as

much to one of the decade's apologists, who has challenged me to document this slur on her kaffian-clad peers. And don't go on about Sir Hugh Casson's caruncles, she said, because the South Bank complex started in 1951.

Well, here is part of my answer: the first entries of an alphabetical catalogue of 1960s catastrophes, duly omitting Hugh Casson and his blocks for commuters.

You might prefer to think of these two simply as a disastrous aristocratic couple; or as the two most horrible components of one *annus horribilis*, 1963.

Beeching, Lord. Checking his vignette in Anthony Sampson's *Anatomy of Britain*, I find Beeching commended for his surgical ruthlessness and hailed as a hero. Poor Anthony Sampson. But the real victims of Beeching's butchery were not the little Welsh stationmasters who had the lobellias swept from their

waiting-room windowboxes, nor the pipe-chewing peasants who boarded at Fiddle Magna. They are all those hapless citizens now condemned to circulate these over-crowded, tarmac-laden isles in stinking solipestic cars.

One day – not far away – when the

HAWKS & HANDSAWS

64m cars have almost stunk us out of our own habitat, we shall have cause to pore over old Ordnance Survey maps, and tragically reflect that there was once a sane and sociable system of transport in our country. It would not be the first or last time that a civil servant has acted in the interests of short-term gains of

efficiency: but if Beeching was a Sixties hero, then the Sixties are damned for a rotten taste in heroes.

Heroes ought to have vision; if Beeching had gazed even ten years beyond his surgical axeing and pruning, he would have known that his reforms were not for the health of the nation, but its ruin.

Chatterley, Lady. In spite of his beard, D.H. Lawrence would have been an unhappy man at Woodstock. And anyone who knows that the lifting of the Chatterley ban, considered as another typical Sixties event, would have been repugnant to the author himself. As a sales stunt by Penguin Books the trial was bad enough. But if Lawrence could see the direct line of descent he spawned, from Lady Chatterley through *Oh, Calcutta!* to Jilly Cooper, I believe he would have chewed up his own manuscript in rage.

The aim of Lady Chatterley was to

get the British to stop sniggering about life below the navel. Its issue in mass paperback did nothing of the sort. Quite the opposite: prurience, formerly restricted to seaside postcards, became ubiquitous. So not only did it signal the eclipse of what Jilly Cooper so charmingly calls the "houskess novel", but it created a new field of copy for ephemeral publication.

From the Profumo affair to the toe-sucking headlines of the 1990s, we are still sniggering and itching to know. Much better to have kept Lady Chatterley as a minor collector's item, a literary curiosity. The "permissive" effect of legitimising transgression as a form of vulgar entertainment. They made the bed and forced us not only to lie in it, but nudge-nudge everyone else to advertise the fact.

Shall I go on? This is a compendiously damnable list, right up to Wilson, Harold, and Zurich, gnomes of. But I rest my case.

THIS WINE OF
Ernest & Julio Gallo.

Chardonnay

Wine Maker's Notes:

Smooth fruit bouquet with apple and citrus tones. Crisp, dry finish. Has the character to develop well if kept. Serve chilled with fish, shellfish, pasta, poultry or lamb.

CALIFORNIA'S BEST LOVED WINE

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NEWS: INTERNATIONAL

Germany in EC row over US sanctions

By David Gardner in Brussels and Ariane Genillard in Bonn

GERMANY was at the centre of a potentially damaging EC row yesterday after the European Commission demanded an explanation for Bonn's apparent refusal to implement trade sanctions against the US, which the 12 agreed unanimously on Tuesday.

In Bonn, Mr Günter Rexrodt, the federal economics minister, confirmed that Germany would not apply discriminatory sanctions against US companies. But he firmly rejected accusations that Germany was violating EC law.

Commission lawyers were last night writing to the German government seeking full clarification, as Brussels underlined that Bonn was in danger of breaching Community law and loyalty.

"We're getting conflicting signals out of Bonn," said an aide to Sir Leon Brittan, the trade commissioner. "They haven't made clear what they're doing," he added.

"If confirmed, any bilateral agreement of such a kind would be illegal under Community law," the Commission said in a tough statement.

The row centres on government telecommunications contracts. The US last month imposed a ban on bids from EC companies for \$20m worth of public procurement contracts, alleging discrimination against American companies in the European market. EC foreign ministers on Tuesday retaliated with a \$15m sanctions package against the US.

The US objects to Article 29 of the EC's utilities directive, which entered into law in January, and gives a 3 per cent price preference to EC companies bidding for any government contract. The article is there as a bargaining chip to get the US to dismantle its "Buy American" legislation in public procurement. In April the two sides reached partial agreement on public contracts.

The intra-EC row, so far confined to Brussels and Bonn, broke out after Mr Mickey Kantor, US trade representative, told a US congressional committee on Thursday night that Germany was violating EC law.

Brussels yesterday warned Bonn it would be taken to court if it failed to put Article 29 on Germany's statute book, and that it was also obliged to stand by the sanctions agreement it signed this week.

Some Brussels officials suspect Washington of "divide-and-rule" tactics. But they are also concerned that Germany will be weakened as a counterweight to France.

The German economics ministry says it is bound by a 1954 friendship treaty with the US which forbids trade discrimination. The Commission flatly rejected this argument last night, pointing out that Article 234 of the EC's Treaty of Rome says that member states "shall take all appropriate steps to eliminate the incompatibilities" with previous undertakings. The Treaty "is as clear as a bell and overrides previous agreements," the aide to Sir Leon said.

Bonn's 'king makers' struggle for a role

By Quentin Peel in Münster

THE would-be "king makers" of the German political system, members of the little Free Democratic Party, were yesterday summoned to crown their own prince. Like all the best coronations, the outcome was never in serious doubt. But the atmosphere was a little subdued.

Mr Klaus Kinkel, former civil servant, one-time head of Germany's secret service, and now the foreign minister, was the only name on the ballot paper for the party leadership.

It was all too much for at least one angry delegate at the annual party conference in Münster: it reminded him of the bad old days in East Germany's Communist Party, he declared. But the celebrations had to go on.

The party which made - and broke - the ruling coalition of the 1960s, 1970s and 1980s, is struggling to keep its head above the German electoral waters. In opting for Mr Kinkel, who has been a party member for barely two years, it is gambling on a fresh face and a man renowned for often undiplomatic plain speaking.

The FDP still plays a key role in the ruling coalition in Bonn, way beyond its national support of barely 8 per cent. But electoral arithmetic suggests that a grand coalition between the Christian Democrats and the Social Democrats is a much more likely outcome at next year's elections.

Both the big parties are languishing with support at around 35 per cent. If the FDP cannot break through the 10 per cent barrier, it cannot offer either the prospect of a parliamentary majority in a coalition.

Mr Kinkel knows that all too well. Today he will set out his strategy to break the electoral deadlock.

As for the man who might have been king, Mr Jürgen Möllemann, the former economics minister who was forced to resign in January over a silly scandal, he did his best to put a brave face on the occasion.

He made one last bid to keep the role of "king maker". He called on Mr Hans-Dietrich Genscher, the former foreign minister, and still the real power behind the party throne, to accept a nomination as German state president next year.

It was not to be. Perhaps it is all part of the inscrutable tactics of the man who remains Germany's most popular politician. But yesterday Mr Genscher was adamant. He is not available as a candidate for the presidency.



Bosnian Serb soldiers run for cover from a destroyed fun fair in Brcko in the disputed corridor between northern Bosnia and Serbia

Patching a tattered policy

Robert Mauthner on aid for Bosnian Moslem enclaves

ALL ATTEMPTS by the west to patch up its tattered Bosnian policy have merely underlined the increasingly obvious absence of an overall plan for a durable peace settlement.

Lip-service is still paid to the ill-fated Vance-Owen plan as the basis for an eventual negotiated settlement guaranteeing "the full sovereignty, territorial integrity and political independence" of Bosnia-Herzegovina, as it was in the latest final communiqué of the Nato Foreign Ministers' Council in Athens.

But hardly any governments believe this is still a realistic proposition. Instead, the western nations are involved in a damage limitation exercise aimed essentially at masking their failure to come up with effective measures that would make it possible to translate their avowed political objective of an independent and united Bosnia into practice.

That exercise, by their own admission, involves temporary measures, such as the setting up of Moslem "safe areas" in Bosnia which, far from contributing to a peace settlement, risk exacerbating an already inflammatory situation on the ground.

Lord Owen, the European Community's representative on the two-man international mediating team, has talked recently of a "serious unscrambling" of the United Nations sponsored peace initiative, mainly as the result of the so-called "joint action programme" adopted by the US, Russia, the UK, France and Spain in Washington on May 22.

One of the essential provisions of that agreement is the setting up of six safe areas in Bosnia, within which the Moslem population would be protected by the presence of troops from the UN Protection Force (Unprofor). Unfortunately, as Lord Owen has pointed out, the perception of the warring parties in Bosnia was that the five western nations were accepting the *fait accompli* of territory acquired by force, in the first place by the Serbs.

As the placing of international monitors on the Serbian-Bosnian border to supervise sanctions, is far from conclusive.

Having been thwarted by its allies in its original desire to undertake punitive air strikes against the Bosnian Serbs and to supply arms to their Moslem adversaries, the US has proved extremely reluctant to become more directly involved in the Bosnian crisis. By declining to provide ground troops to protect the Moslem enclaves,

Western nations are involved in a damage limitation exercise to mask their failure

That, in turn, encouraged the Bosnian Croats in the Moslem region to take more territory from the Moslems, with the inevitable result that the Moslems have launched counter-attacks on the Croats, their one-time allies, with considerable success and much additional human suffering.

So the net result of the Washington agreement has been more fighting and atrocities, with the ultimate objective of a negotiated settlement appearing even more unattainable than it did before. Yet even in these circumstances the setting up of safe areas might have proved acceptable to international opinion as a desirable interim measure if the western nations had been able to agree on all the practical steps to make them viable.

The jury is still out on the final verdict, but the evidence submitted by the west so far on the strength of its commitment to the setting up the safe areas and on other parts of the Washington agreement, such

while several of its European allies such as France, Britain and Spain already have troops on the ground, the US exposed a serious rift in the western position.

It gave the impression, not only to its allies, but to the warring parties in Bosnia, that it was not prepared to match its good intentions with deeds. At the same time, the Serbs will have noted a similar reluctance on the part of the European nations already involved in Bosnia to step up their own commitments of troops.

The decision by the Nato Council in Athens on Thursday to offer military planes to protect UN forces around the Moslem enclaves and elsewhere in Bosnia after attack was an attempt both to paper over the cracks in the western alliance and to counter the original signals of western unwillingness to act in Bosnia sent to Belgrade.

By joining France, Britain, the Netherlands and Turkey in offering aircraft for these

operations, and by offering to provide 300 ground troops to join the UN peace-keeping contingent already in Macedonia, the US has tried to repair the damage - with what effect still remains to be seen.

The fact is that air power will be used only to protect UN troops against attack and will not be called upon to defend Moslem civilians against attack if no UN troops are involved. Serbs and Croats will continue to be allowed to grab Moslem territory and pillage with impunity as long as they keep out of the way of UN troops. That is an important distinction which will hardly reassure the long-suffering Moslem population of Bosnia.

Among all the squabbling and haggling over stop-gap solutions, and the occasional cries of victory when agreement is finally reached on the type of temporary sticking plaster to be applied to the gaping wound, sight is rapidly being lost by the west of the end result it wants to achieve.

Safe areas, Mr Douglas Hurd, the British Foreign Secretary, said earlier this week, were not a magic solution. "They are only a temporary, first step aimed at keeping people alive." But those who are being kept alive are desperately looking for signs that the western powers have some idea of the long-term future which awaits the Moslems of Bosnia outside their extended refugee camps, which is all that the enclaves are destined to become.

Judging by the results of the EC and Nato meetings in Luxembourg and Athens over the past few days, they will have to wait a long time for their answer.

Russians anxious to avoid troop role in Bosnia

By Robert Mauthner in Athens

RUSSIA yesterday declined to make a firm commitment to contribute troops for the protection of the six Moslem enclaves designated in Bosnia, though it said it was in principle in favour of such a move.

Mr Andrei Kozyrev, the Russian foreign minister, said during a meeting of the 34-nation Nato Co-operation Council, grouping the western allies and the former Soviet and east European states, that Russia wanted a clearer definition of the mandate for the deployment of Russian troops in Bosnia before it could take such a decision.

Mr Kozyrev said in an interview with American television that before Russia could send troops to Bosnia, "we need a much clearer definition of the mandate from the Security Council... a definition of what these troops would do."

Russia already has troops serving under the United Nations banner in Croatia, but is clearly digging in its heels on sending troops to Bosnia because of the opposition of powerful conservative political forces and the Russian military to what they consider essentially an anti-Serb measure.

The reluctance of the Russians, which comes on top of the US's refusal to offer ground troops for the protection of the Moslem safe areas, must be considered a serious setback to international efforts to ensure the defence of the enclaves.

However, Thursday's decision by the Nato Council to provide warplanes to counter any attacks on UN troops protecting the safe areas at least partially offsets the adverse consequences of the lack of a sufficient number of ground troops.

The absence of firm ground troop offers from some of the most important western and eastern nations did not prevent the Co-operation Council from fully endorsing the joint action programme adopted by the US, Russia, France, the UK and Spain in Washington last month, under which the safe areas are being set up.

It also fully endorsed the decision by the Nato Council taken 24 hours earlier to provide protective air power in case of attack against UN forces in Bosnia in the performance of their mandate.

At the opening of the meeting, Mr Manfred Wörner, Nato secretary-general, warned of the dangers Europe faced from ethnic violence after the Cold War. "The former Yugoslavia has shown a growing gap between our hopeful vision of a new security order and the tragic reality of ethnic violence," he said.

NEWS IN BRIEF

Gloomy forecast on EC economies

THE European Community will have to wait until 1995 for a real economic recovery, Mr Henning Christopherson, EC economic commissioner, said yesterday. Lionel Barber reports. In one of his gloomiest forecasts to date, Mr Christopherson said unemployment could reach 12 per cent in 1993-94, higher than the peak jobless rate in 1983. Addressing the Association for the Monetary Commission of Europe in Rome, the Danish commissioner ruled out re-opening the Maastricht treaty's criteria for European monetary union to take account of rising unemployment.

Mr Giovanni Agnelli, president of Fiat, accused the EC of a "gutless lack of ideals" and called for an inner group of core currencies to move to monetary union. "This would create a vital benchmark and would make a 'significant contribution to a further drop in European interest rates,'" he said.

Ruling on TV bidding
Europe's national broadcasters can go on using their collective power when bidding for the rights to televise big sporting events, the European Commission decided yesterday. Andrew Hill writes from Brussels. The Commission has exempted the European Broadcasting Union, which groups 67 national broadcasters, from EC competition rules until February 1996 when bidding for sports events. But the EBU has pledged to allow non-member channels - including purely commercial broadcasters - access to sports programmes on reasonable terms.

The Commission had been under pressure to open up the market for TV rights to sporting events, after The European Sports Network (TESN), owner of the Screensport channel, complained about the EBU's privileged position in 1987.

Italy cuts interest rates

The Bank of Italy yesterday cut its official discount rate by 0.5 percentage point to 10.5 per cent at the end of a week which has seen continued weakness for the D-Mark against European currencies, writes James Blitz. Announcing the move, the Italian central bank said it would take effect from Monday and that its Lombard rate would also come down 50 basis points to 11 per cent. The move is the latest indication that European countries are not waiting for the Bundesbank to reduce interest rates before deciding to ease their own monetary policies.

German party banned

Germany yesterday banned a fifth far right party, as arsonists struck at a foreigners' hostel overnight and Turkish shops closed in protest against racist attacks. Reuter reports. Police in Bavaria swooped on the National Bloc, seizing propaganda, two loaded starting pistols and a baseball bat, an Interior Ministry spokesman said.

Kuwait move causes big fall in oil price

By Deborah Hargreaves in London

OIL PRICES tumbled yesterday following Kuwait's refusal to agree to restrain its output in coming months in accordance with a deal struck late on Thursday by the Organisation of Petroleum Exporting Countries.

Ministers meeting in Geneva had agreed to maintain their current production ceiling of 23.6m barrels a day for the third quarter. But Mr Ali Ahmed al-Baghl, Kuwait's oil minister, said the emirate would increase its production.

North Sea Brent crude fell 65 cents to \$17.50 a barrel as traders reacted to an expected rush of supply to the market.

Kuwait is planning to raise its production to 2m b/d from

1.6m b/d over the next three months and Mr al-Baghl has indicated it could reach 2.18m b/d by the end of September. But he said Kuwait would not flood the market and is not looking to depress prices.

"It's not as bad for the market as it looks," said Mr Geoff Pyne, oil analyst with UBS in London. "Politically, it's a terrible agreement, but commercially it won't be an awful."

Most Opec producers are pumping oil at close to their full capacity which will stop them over-producing. Others, such as Saudi Arabia and Iran, are keen to see firmer prices. Mr Hisham Nazer, Saudi oil minister said yesterday the kingdom will stick to its quota under the agreement. "If everybody adheres, we think the market will stabilise," he said.



Russian president Boris Yeltsin prepares for a photograph after congratulating new Russian generals at the Kremlin

Russia applies formally to Gatt

By Leyla Boulton in Moscow

RUSSIA yesterday formally applied to join the General Agreement on Tariffs and Trade while denying it was endangering foreign aid and investment flows.

President Boris Yeltsin, who has launched market reforms that have sought to open up the Russian economy to the outside world, told Mr Arthur Dunkel, Gatt's outgoing secretary-general, that he hoped for admission by the end of this year.

While Mr Dunkel remained politely non-committal, Mr Georgy Gabunia, a deputy Russian trade minister, admitted he thought it would take Russia at least two to three years to join.

A STRIKE by the coal miners of the Russified Donbass region yesterday entered its third day. The miners' demands for higher pay and a new government appeared to be strengthened rather than a half-hour appearance on Ukrainian television.

Mr Ivan Piskich, Ukrainian parliament chairman, quashed hopes that prime minister Leonid Kuchma, who successfully faced down several miners' strikes in the spring, will be granted the extraordinary powers over the economy he has been seeking. This is despite the boost to his popularity which followed his call last week for Ukraine to keep nuclear weapons on its territory.

Meanwhile, Mr Alexander Shokhin, deputy prime minister responsible for foreign economic relations, denied reports that the International Monetary Fund wanted to delay disbursing the first \$1.5bn (£940m) of a systemic transformation facility promised for the end of June because Moscow was lagging behind with promised reforms.

"We have not deviated from schedule in our relations with the IMF... So far the IMF has every reason to fulfil its obligations."

Mr Shokhin also defended a ban for the month of June on the export of oil by foreign joint ventures, which has been a fresh blow to Russia's attempts to attract foreign investment, claiming it was simply an attempt to force companies to prove that the oil they exported was really produced by them.

While joint ventures are sometimes used as a channel for illegal oil exports, the explanation sounded more like an improvisation, since the ban affects all joint ventures without discrimination between those which provided information requested by the government and those which have not.

Mr Shokhin also called on the US to drop its opposition to an \$80m contract for Russia to supply India with rocket technology for satellite launches, saying Russia had little to lose from sanctions threatened by the US.

State monopolises vodka market 'to restore order'

By Leyla Boulton in Moscow

THE Russian government said yesterday it would reimpose a state monopoly on the production, storage, and sale of vodka, the country's national drink, and other spirits as part of efforts "to restore order in the country and society at large."

A spokesman told far-Tass news agency that President Boris Yeltsin would soon sign a decree prompted by concern over an increase of poisoning cases from both Russian and imported spirits. He said this was "far from the last" of several measures being undertaken by the government to restore *poriadok* - the favourite Russian word for law and order in everyday life.

The production and sale of vodka has traditionally been a state monopoly in Russia, both under the tsars, and under 70 years of Communist rule. It has been a big source of revenue for the state treasury throughout the centuries. But since liberalising both domestic trade and

imports a year and a half ago, the country has been flooded with foreign vodka and other spirits. Russia's own state producers are unable to meet demand, and bottles of locally produced vodka have been increasingly found to be diluted or otherwise tampered with. Tax collectors have seen very little of the profits from the increased sales, much of which are conducted by street kiosks which do not even have cash registers.

Rather than to chase away the bottles of Smirnoff and other foreign-produced spirits now on sale, the spokesman suggested that the main aim of the decree was to enforce state certification of drinks to ensure they were up to standard.

But with hundreds of brands of alcoholic drinks sold at thousands of kiosks all around Moscow, the authorities are unlikely to be able to implement the decree, at least in the capital. More likely, it will provide a great cash-spinning opportunity for officials and police to levy bribes not to enforce it.

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NEWS: INTERNATIONAL

Aids epidemic poised to sweep the developing world

'In some Ugandan villages there is no one between 20 and 40, only children and grandparents'. Paul Abrahams reports

IN the red light districts of Ivory Coast's capital, Abidjan, the virus that causes Aids is running rampant. Among prostitutes on the city's streets 80 per cent are HIV-positive. Among their clients, who pay less than \$4 a time, only a quarter are willing to use condoms, the best method of preventing sexually transmitted diseases.

The effect of such levels of infection among prostitutes is wreaking a devastating effect on Abidjan's more general population. One in six pregnant women is now HIV-positive. Most say they have slept only with their husbands.

Although HIV and Aids remain a significant problem in the western world, delegates at the annual Aids conference in Berlin this week were repeatedly told the epidemic is going to hit the developing world disproportionately hard.

About 90 per cent of the 14m people estimated by the World Health Organisation to be infected by the virus live in developing countries. It calculates most of the 40m people infected by the end of the decade will be in the developing world. The sheer scale of the problem in Africa, Asia and Latin America requires the world's attention.

Suggestions that the scale of the epidemic in Africa has been exaggerated were dismissed by the continent's health workers.

"It is merely cynical to say there is no epidemic. In some villages in Uganda there are no people between 20 and 40, only children and their grandparents," argues Mr Elhadji Assy, an executive of the international council of Aids service organisations. "It is time to recognise that the virus, illness and epidemic exist."

But although the prevalence of Aids is well documented in Africa, the most rapid increases in the disease are occurring in other developing regions.

"While Africa suffers the explosion of Aids cases as a result of infections ten years ago, it is in south Asia and south-east Asia that we are seeing a rapid increase in infection," warned Dr Michael Merson, director of WHO's global programme on Aids. WHO estimates there are 1.5m infected by HIV in south-east Asia, and 1m in south Asia, mostly in India.

"The growth in south and south-east Asia can only be described as explosive," warned Dr Merson. "In Thailand, for example, in early 1990 there were more than 50,000 infected people. By late 1992, there had been a ten-fold increase with an estimated 450,000 infected," he said.

Studies in Thailand's northern districts show that 7 per cent of military recruits were HIV-positive. In Bangkok, the Siriraj hospital reports the number of pregnant women infected increased by 60 per cent between the last quarter of 1991 and the same three months in 1992.

In India, too, the rate of increase of infection is alarming. More than 30 per cent of prostitutes in Bombay are HIV-positive, and the prevalence in the general population has increased from 1.67 cases per 1,000 in 1991 to 23.07 per 1,000 last year. "The epidemic has the potential to reach unprecedented levels in India," warned Dr Shiv Lal, a director of India's national Aids control organisation.

The epidemic is striking hardest in those countries least equipped to cope with the disease. In many of these countries primary health care

is minimal and services have been overwhelmed. WHO calculates that in some African cities, up to 70 per cent of hospital beds are taken up by patients with Aids-related diseases.

The Zambian health service, for example, has been engulfed by the demands of the country's 200,000 patients with Aids or Aids-related diseases. The annual cost of treating them is \$64.4m, money that the country can ill afford.

In some African states, lack of resources is assisting transmission of HIV. Delegates were told that in Cameroon there were insufficient funds to establish safe supplies of HIV-negative blood. As many as a quarter of patients, unable to pay for the blood offered to them to be tested, accepted potentially contaminated blood.

Scientists at the conference admitted the chances of finding a cure or

vaccine to combat HIV in the medium term were remote. The chances of finding anything that was affordable for developing nations was even less likely.

WHO believes the main priority must be to prevent the epidemics in the developing world spiralling out of control. It has called for \$2.5bn a year to invest in anti-HIV programmes in developing countries - a 10-fold increase on current spending.

The organisation calculates this could bring \$90bn of savings in direct and indirect costs by the end of the decade, by preventing 4m infections in Africa, a similar number in Asia and 1m in Latin America.

Dr Merson claims: "The initiative would provide a significant return in financial terms, but above all an incalculable yield in diminished human suffering."

Du Pont 'knew of Benlate defects'

By Karen Zagor in New York

FLORIDA officials have subpoenaed officials at Du Pont, the leading US chemicals group, after concluding from company documents that Du Pont knew its Benlate fungicide had caused crop damage but failed to act.

Du Pont suspended payments on Benlate-related suits in November, after extensive research, during which the company said it could not duplicate the effects attributed to Benlate.

Florida crop growers allege the fungicide caused \$1bn in crop damage through stunted growth, root damage, twisted and deformed leaves and poor yield. Although most lawsuits centre on crop damage, a few allege that Benlate caused birth defects.

In a letter to Mr Bob Crawford, Florida's agriculture commissioner, Du Pont said: "The issue is whether Benlate, at label rates and under conditions of ordinary commercial use, caused the plant damage reported by growers in Florida and elsewhere after March 1991. Based on all of our scientific testing, the answer is a resounding No."

Florida officials allege that internal documents show incorrect labels on the product.

Mr Edgar Woolard, Du Pont's chief executive, and other officials have been ordered to testify at the state Capitol in July in an effort by the Florida Department of Agriculture to prove that internal documents show the company knew the fungicide had caused problems.

Court ban fails to halt Nigerian poll

By Paul Adams in Lagos and Agencies

NIGERIA'S presidential election will go ahead today as planned in spite of a court ruling ordering a postponement of the National Electoral Commission (NEC) said yesterday.

"For the avoidance of any doubt I wish to restate that the presidential election scheduled for tomorrow... will go on as planned," NEC chairman Humphrey Nwosu said in Abuja, Nigeria's federal capital.

Mr Nwosu's announcement appeared to put Nigeria's programme for the return of civilian rule back on track, ending a day of high political drama. Nigerians had waited anxiously for the reply by the NEC, a creation of the country's military rulers, to the Abuja high court which ordered postponement of the election.

The court ruled on Thursday that the first presidential poll since 1993 should wait until the full hearing of a petition by a group wanting army president, Mr Ibrahim Babangida, to stay in power until 1997.

But the NEC chairman said the court order was over-ruled by the provisions of a military decree issued this year which said no court had the power to stop an election.

Mr Nwosu said the decree was "a deliberate legislation on the part of this administration to protect the higher interests of the majority of Nigerians in the implementation of the political transition programme".

The last-minute hitch raised further doubts over whether Mr Babangida intends to hand over to civilian rule on August 27.

Dr Beko Ransome-Kuti of the Campaign for Democracy, yesterday said: "We still do not believe that Babangida wants to go. He is making the simple process of handover the most complicated thing in the world."

The case was brought to court by the Association for Better Nigeria, which is campaigning for a four-year extension of military rule, and alleges malpractice by the political parties in the run-up to the elections.

The association is led by businessman and former presidential candidate Mr Arthur Nzeribe, who has close links with the presidency.

Although the government has made no attempt to stop the association's operations, political meetings by groups opposed to continued military rule have frequently been broken up by the security forces.

Voting in today's election is expected to follow tribal and regional loyalties. The National Republican Convention (NRC) candidate, Mr Bashir Tofa, is a Moslem from the north where the party has traditional support among the Hausa-Fulani and other mainly Moslem groups. The choice of Mr Sylvester Ugo, who was a central bank governor of the former breakaway Biafran state as his running mate has also bolstered his support in the mainly Christian south-east.

Mr Moshod Ahlola, the candidate of the Social Democratic party, has the backing of his fellow Yoruba in the south-west and his party is strong in the north-east.

The US embassy in Lagos had said the US government would view any postponement of the polls with grave concern. But Nigeria condemned the US statement as unacceptable interference.

Britain and other EC member states have sent diplomats, MPs and officials to most of Nigeria's 30 states to observe the elections. All political rallies have been banned until 4pm today, while the open ballot system, which was vulnerable to vote rigging in previous presidential campaigns, has been modified.

British manufacturer to strengthen its regional airliner range

BAe plans new turbo-prop aircraft

By Paul Betts, Aerospace Correspondent in Paris

BRITISH AEROSPACE plans to launch two regional turbo-propeller aircraft programmes by the end of the year to strengthen its family of Jetstream commuter and regional airliners.

The company, which has restructured its turbo-propeller activities by concentrating them at Prestwick in Scotland, said yesterday at the Paris Air Show it was discussing with the UK department of trade and industry the \$450m funding of the two projects.

These will involve development of a 72-seater Jetstream 71 and a 50-seater Jetstream 51 to complement

the existing Jetstream range, which includes the 19-seater Jetstream 31, the 29-seater Jetstream 41 and the 64-seater ATP (advance turbo-propeller) aircraft.

BAe is also stepping up discussions with international partners to try to form a broader strategic alliance in the turbo-propeller business.

The company is now adopting a similar approach to its turbo-propeller activities as for its 146 regional jet business which has been turned into a joint company with Taiwan Aerospace.

As part of its restructuring programme, BAe also transferred all its Jetstream and ATP activities to Prestwick where it employs

about 2,400. It is spending £27m this year to improve the Prestwick plant.

Mr Allan MacDonald, managing director of BAe's Jetstream subsidiary, said the new products would give a clear signal to the market that BAe was serious about staying in the turbo-propeller business. It would also strengthen the company's hand in negotiating a strategic alliance with international partners as part of the rationalisation of the commuter and regional aircraft industry.

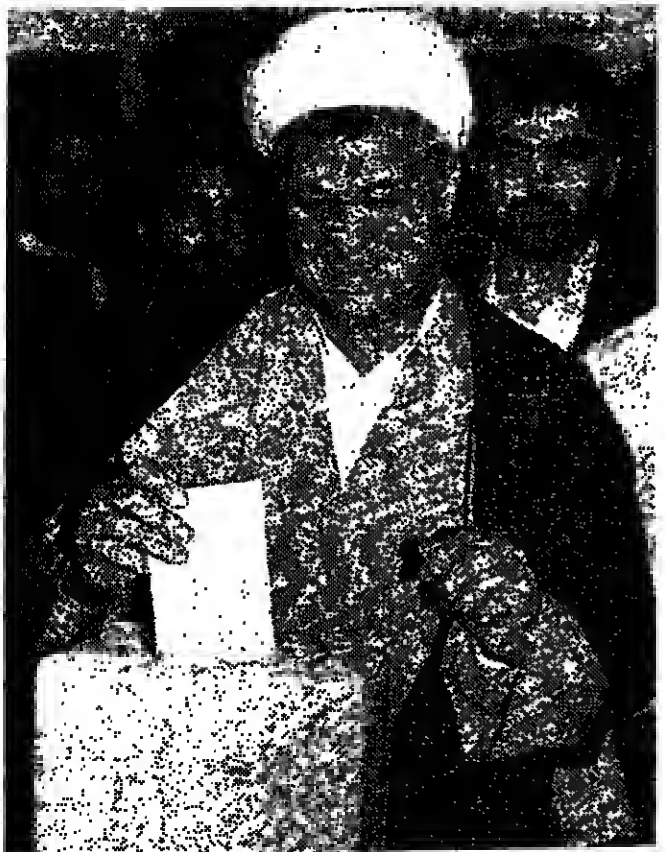
"There are too many manufacturers and products in this market, but we want to lead the process of rationalisation," Mr MacDonald said.

The reorganisation of Jetstream activities at Prestwick would take 24 to 36 months, he added.

The business earns about £250m a year but this is expected to grow to £350m-£400m a year after the new products are launched and the reorganisation is completed.

He said the new aircraft programmes would help sustain employment at Prestwick.

Avro International, BAe's new regional jet joint venture company with Taiwan, announced yesterday it had won an order worth \$140m from the Turkish national airline THY. It involves firm orders for five regional jets and options for an additional three.



ON A WINNER: President Rafsanjani casts his vote yesterday

Rafsanjani to sweep Iran poll

IRANIANs went to the polls yesterday, with President Akbar Hashemi Rafsanjani widely expected to retain power in a landslide victory. Reuter reports from Tehran.

Mr Rafsanjani faced challenges from three rivals, all of whom professed few differences with his policies - university president Abdollah Jashi, right-wing economist Ahmad Tavakoli and former member of parliament Rajabali Taheri.

Each has said he broadly agrees with Mr Rafsanjani's economic and political liberalisation and each had the stamp of approval of the clerical Council of Guardians which endorsed them as true heirs of the 1979 Islamic revolution.

Authorities have mounted a media campaign calling for a big turnout to show the continued popularity of the 1979 Islamic revolution.

Ukraine to keep nuclear arms for up to two years

By Christy Freeland in Kiev

UKRAINE will temporarily retain nuclear missiles on its territory, possibly for up to two years, Mr Ivan Plushch, chairman of the Ukrainian parliament and a member of the ruling troika, said yesterday.

Mr Plushch said that escalating tensions between Ukraine and Russia were the principal reason for Kiev's hesitation to surrender its nuclear weapons.

He said relations between the two Slav neighbours had become particularly strained recently, and accused the Russian government of making over territorial claims on Crimea and of initiating an "economic blockade" by cutting off oil supplies to Ukraine two days ago.

Mr Plushch said that parliament would ratify the Strategic Arms Reduction Treaty (Start I) before the

summer recess. The treaty covers 130 Russian-made SS-19 inter-continental ballistic missiles stationed on Ukrainian territory. But he said the legislature was unlikely to accede to the Nuclear Non-Proliferation Treaty soon.

A split decision such as this would leave Ukraine in possession of 46 Ukrainian-made SS-24 ICBMs.

Mr Plushch's comments contradict Ukrainian President Leonid Kravchuk's repeated assurances this week to senior US and German leaders that the Ukrainian government remains committed to rapid ratification of both Start I and non-proliferation.

But it is the legislature that will decide. Mr Plushch hinted that Ukrainian scientists were working to develop negative technical control - or blocking power over the 46

Ukrainian-made missiles.

"In terms of these 46 missiles, to develop a negative trigger is a question of one or two years," Mr Plushch said. "Who knows, maybe this mechanism already exists."

According to US and Russian specialists negative control over the missiles is a short step from positive operational control - a technology which would make Ukraine a true nuclear power.

US and Russian experts have recently voiced concerns that Ukraine has launched a secret programme to obtain direct control of some of the nuclear missiles on its territory.

The growing strength of the pro-nuclear lobby in the Ukrainian parliament comes at a time when the fledgling nation is facing a double political threat: mounting tensions with Russia and an increasingly volatile domestic political climate.

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NEWS: INTERNATIONAL

Miyazawa defends global trading role

By Peter Norman, Economics Editor, in Tokyo

MR Kiichi Miyazawa, the Japanese prime minister, yesterday firmly rejected any new boost for the Japanese economy, and, at a time of tension with the US over Japan's huge trade surplus, robustly defended his country's role in the global trading system.

He said he believed Japan was on the road to recovery, with the fiscal stimulus packages of April and last August "more than sufficient to help Japan's economy back on track". Japan was just as open to imports as the US and EC, he said, and was contributing most towards the conclusion of the Uruguay Round of trade liberalisation talks.

While expressing confidence that over time the market economy system would bring prosperity in the post-Cold War world, he was doubtful about the future of Russia and other former Soviet republics.

"No one is quite sure if the former Soviet Union will be democratic and will have a market economy," he said. Aid for Russia would be the biggest issue at the July 7-9 economic summit of the Group of Seven (G7) leading industrial nations in Tokyo, he predicted.

At the same time, Mr Miyazawa promised that Japan would play a bigger role in world affairs, especially through the United Nations. But while Japan would like to be invited to join the UN Security Council as a permanent member, it "would not campaign" for such a position.

"It is not a question for Japan alone," the prime minister observed. "If we take a



Kiichi Miyazawa: looking for economic recovery after the fiscal stimulus packages of April and last August

strong approach, we might hamper the functioning of the Security Council."

Japan realised that achieving its goal, which is supported by the US but likely to be opposed by other Security Council members, would be a "very long process," he said.

Looking sprightly and crack-

ing an occasional joke, the 73-year-old leader pointed out that Japan's most recent \$116bn (£76bn) economic stimulus package was seven times the size of president Bill Clinton's programme to boost the US economy, and unlike the US measures, had passed their parliamentary hurdle.

On trade, virtually the only issue standing between Japan and a successful settlement of the Uruguay Round was its protection of rice growers, which was "not supposed to be a major issue for either the US and Europe," he said.

To promote a Uruguay Round market access agree-

ment in time for the Tokyo summit, Japan had offered tariff concessions on 770 manufactured items and was prepared to cut its average tariff to 1.5 per cent from 3.6 per cent.

The prime minister cited International Monetary Fund figures to show that Japan imported as much per head as

the US or the EC: some \$1,900 in 1991 against \$2,000 for the US and \$1,800 for the EC from non-Community countries.

Japan was not a "fortress" Mr Miyazawa insisted. Nor would east Asia become a fortress, because the economies and societies in the area were too diverse. Indeed, Mr Miyazawa took a relatively sanguine view of the emergence of regional trading blocs. Neither the EC nor the North American Free Trade Area (Nafta) would turn into economic fortresses because of the power of modern global communications to prevent this.

However, he voiced one concern held strongly in Japanese business circles. European integration and the disappearance of internal barriers in the EC had created problems for Japan, he said. Restrictions were being placed on European car imports "which were against the spirit of market integration in Europe," he said. "This was a 'problem we may have to sit with for a little while'."

He promised that, at the Tokyo summit, Japan would raise by about 50 per cent its overseas development assistance and the so-called recycling resources - loans, guarantees and export credits - made available to developing countries. The increased spending plans would replace aid and loan allocations that have totalled about \$500m over the past five years.

The prime minister said Japan "must contribute as much as possible" to issues such as arms control and disarmament and in international efforts to deal with the problems of refugees, disease and the environment.

Recovery in autumn, says central bank

By Charles Leadbeater in Tokyo

THE Bank of Japan in its quarterly survey of the economy published yesterday conspicuously failed to back up the government's assessment that the Japanese economy has hit the bottom of its long downturn.

The central bank said it was too early to say the economy had bottomed out because consumer spending and capital expenditure were still depressed.

On Thursday, the head of the government's Economic Planning Agency provoked controversy and criticism from business leaders and the powerful industry ministry after he said the agency's quarterly report suggested the economy was bottoming out.

However, the bank believes the trough of the recession will be reached in the next few months, paving the way for a moderate recovery from the second half of this fiscal year which began in April.

It believes consumer spending will pick up as consumers start to replace durable goods they bought in the 1990s. This will be underpinned by the ¥24,000bn (\$148.6bn) of emergency public spending the government has approved over the past year.

The bank's quarterly Tankan survey of business sentiment found that the key gauge of corporate confidence had stopped declining for the first time since August 1989, its last peak.

The index of business conditions for major manufacturing enterprises stood at 49 in the

survey, conducted in May. The February survey also recorded sentiment of 49. The index measures the difference in the percentage share of companies reporting business conditions as favourable, minus those reporting it as unfavourable. The measure has declined from 24 a year ago.

The bank warned that the survey of 716 large enterprises was taken while the yen was trading at ¥110 to the dollar. Since then the yen has strengthened further to about ¥106 to the dollar, which is likely to have further depressed the short-term outlook for exporters.

The index of business conditions for non-manufacturing enterprises fell from 33 in the February to 36 in the May survey.

Manufacturing companies reported a slight improvement in the balance of demand and supply for their products and a reduction in their inventories. A balance of about 31 per cent of companies reported they had excess inventories, compared with 38 per cent in February. A continued reduction in inventories could lead to a pick-up in industrial production in the second half of the financial year.

However, the survey suggests Japanese manufacturers are facing intense price competition, partly as a result of the strengthening of the yen, which is likely to eat into their profit margins.

Among manufacturers the index of price conditions, which measures expected increases in output prices against expected falls, stood at 23.

Japan ready to test US resolve on targets

By Michio Nakamoto in Tokyo

IN THEIR first few months of dealing with the Clinton administration, Japanese trade officials were hasty trying to assess how serious the US was in its calls for measurable targets in opening up Japan's markets.

As they face their US counterparts in their first round of trade talks, which began yesterday in Washington, the Japanese now are able to test first hand the resolve of the Clinton administration in pressing for measurable progress.

With just a few weeks to go before the two nations are committed to agree a framework for bilateral trade negotiations, Japanese officials still cling to the hope that, in the end, their arguments against the dangers of the US's results-oriented trade policy will prevail.

In response against US demands to establish measurable indicators of progress in opening up the country's markets, the Japanese authorities have taken up the banner of

free trade, assuming the moral high ground.

"Given the importance of US-Japan trade and the influence it has on world trade, what we decide to do is important

Japanese officials are still clinging to the hope that their arguments against the dangers of the US's results-oriented trade policy will prevail in the end

enough that it will determine what kind of world trade system we want to leave our children in the 21st century," says a foreign affairs official.

He argues that there is no alternative to the free trade system that has guided the world since the end of the second world war. Any benchmark used to measure economic activity, whether it be the number of foreign subsidiaries that are set up in Japan, or the ratio of imports to gross domestic product, leads to managed trade, he says.

But there is another reason for Japanese sensitivity towards numerical targets.

The US-Japan semiconductor arrangement, which recognised the US expectation that the for-

cannot control economic activity in a free trade system, the Japanese government fears that it could soon find itself faced with demands from other countries or regions, not least the EC, to do the same.

"Reducing the trade surplus is beyond the reach of the government because the surplus is the result of economic activity," the official emphasises.

If the Clinton administration is determined to achieve quick results in reducing Japan's trade surplus, the Japanese authorities are just as firm that it will take considerable time and patience to resolve the situation.

Japanese officials do not expect the current talks in Washington to produce concrete results.

In keeping with Japanese custom it will be more a chance for both sides to get to know each other and confirm each other's position.

They have drawn up a six-point guideline that underlines their refusal to accept numerical measures, in spite of signs that the Clinton adminis-

tration is willing to be "flexible" on demands for numerical indicators.

Measures that could lead to managed trade are to be avoided as well as unilateral actions such as those allowed by the Super 301 trade bill.

The guideline also insists that any agreement should be done according to internationally accepted rules and should benefit third countries as well as Japan and the US. Discussion must be limited to matters within the government's reach.

In addition, Japan will insist that the discussions should be a joint exercise, with the US dealing with its problems as well.

One key problem the US has which Japan intends to cite, for example, is its low level of savings.

Although the Japanese insist that no compromise is possible on the issue of measuring results, officials in Tokyo are confident that the US and Japan will eventually be able to take their talks forward. There are alternative proposals on the Japanese drawing board

being kept as a last resort.

The show of confidence in Tokyo stems in part from a conviction that it has significant international support for its opposition to results-oriented trade policy.

Tokyo is also firm in its belief that the bilateral relationship is too important to be dealt with through quick-fix measures such as fixing targets on market access.

That belief is increasingly coupled with a feeling in Tokyo that the US-Japan relationship has reached a turning point and that Washington is beginning to treat Japan more as an equal.

Confirmation reached Tokyo on Thursday that the US intends to back Japan's permanent membership of the UN Security Council.

"The US-Japan relationship has become a mature political relationship in which it is possible to speak frankly and discuss things frankly and this is a good development which allows for constructive talks," says the foreign ministry official.

Mondale chosen as Tokyo envoy

By Jurak Martin in Washington

PRESIDENT Bill Clinton yesterday formally proposed that Mr Walter Mondale be the next US ambassador to Tokyo, thus concluding a week in which some of the heat appears to have been taken out of trans-Pacific frictions.

The appointment of the former vice-president and senator from Minnesota, leaked earlier this week, has been warmly received in Japan, according to US media reports from Tokyo.

Mr Mondale has been freely compared with the revered former ambassador, ex-senator Mike Mansfield, as a heavy-weight politician with connections and influence with the President and with Congress. Mr Clinton said yesterday in

a Rose Garden ceremony also attended by Mr Mansfield that Mr Mondale, vice-president from 1977 to 1981 and the losing Democratic candidate in the 1984 election, was renowned for "building bonds of understanding around the world."

He was, the president said, "extraordinarily well qualified to be given the task of enhancing our relationship with Japan and projecting American leadership in Asia and the Pacific region."

Mr Mondale also struck a note that will be appreciated in Japan, saying that "although we are economic competitors, we share a fundamental interdependence," both in each other's economy and in the growth of the global economy.

China and UK to hold more talks on HK airport

By Simon Holberton in Hong Kong

THE APPEARANCE of greater Anglo-Chinese co-operation over Hong Kong was bolstered yesterday when the two sides agreed to hold both a second round of talks on the colony's multi-billion dollar airport and a meeting of the Joint Liaison Group (JLG).

The meeting later this month of the JLG, which works out the details of the transfer, will be the first since late last year. It could provide Beijing with a face-saving forum in which to "approve" the construction of Hong Kong's ninth container terminal, CTS.

Since last November, China has blocked development of the container terminal as part of its strategy of non-co-operation on economic matters in retaliation for Governor Chris Patten announcing plans for Hong Kong's political development. However, there have been some signals that China might be prepared to de-link aspects of the colony's economic development from those of its political development.

The outcome of next Friday's meeting of the Airport Committee will be watched closely to see if Beijing is prepared to give its approval to the construction of the Western Harbour Crossing - a submarine tunnel vital for the airport project - and associated land reclamation works.

Also next week, Anglo-Chinese officials meet in Beijing for the fifth round of talks about Hong Kong's

China's paramount leader Deng Xiaoping, who triggered a boom that has led to the world's fastest economic growth rate, has warned against letting the economy spin out of control, a pro-Beijing newspaper said yesterday, Reuters reports from Beijing.

The Communist Party's top policy-making body will meet shortly to tackle the problems caused by the economy charging ahead at rates that surpassed 14 per cent in the first quarter this year, the Hong Kong-based Wen Wei Po said.

Inflation, even by official figures, is more than 17 per cent in key cities.

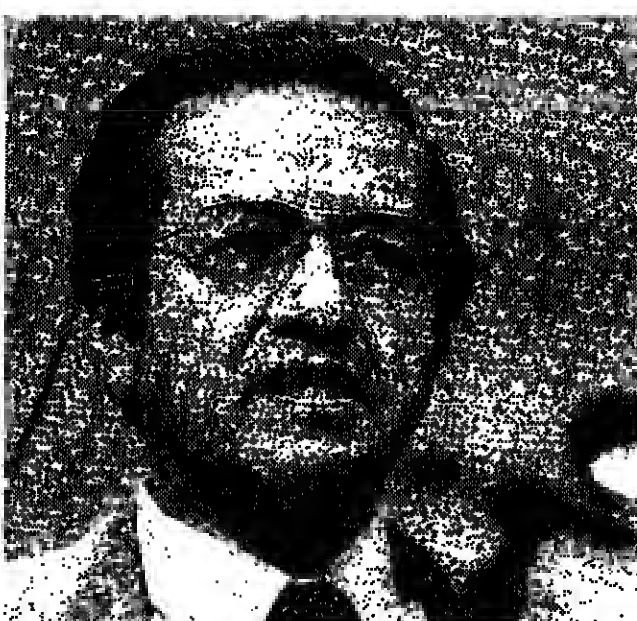
political development.

The British team will try to engage the Chinese in detailed discussions about Hong Kong's 1994-1995 elections, having touched on them only briefly in earlier discussions.

The Chinese have said that they want to use the fifth round to ascertain Britain's "sincerity" in the process.

Beijing has been angered by a committee of the Legislative Council (LegCo), Hong Kong's law making body, discussing Mr Patten's plans for political reform, and by observations of a junior British foreign office minister that LegCo could amend any agreement reached by the two sides.

Observers in Hong Kong have suggested that Beijing's concern with "sincerity" is a convenient device to delay the real business of the negotiations.



MAHATHIR TO MEET LI PENG

DR Mahathir Mohamad (above), Malaysia's prime minister, leaves on a 10-day visit to China this weekend, along with more than 300 business people and officials, writes Kieran Cooke in Kuala Lumpur.

The delegation, one of the largest ever to go to China, will tour several industrial sites and sign a number of agreements with Chinese corporations. Dr Mahathir is scheduled to meet Mr Li Peng, China's prime minister, early next week. Mr Li has not been seen in public for more than six weeks and there have been reports that he has been seriously ill.

Malaysia's policy towards China has changed considerably recently. Malaysia was once deeply suspicious of what it saw as China's potential

influence over Malaysia's large Chinese community and the two countries are among rival claimants to the Spratly islands in the South China Sea.

Malaysia and China recently agreed to co-operate on the Spratly issue. Malaysia has also called for China's inclusion in any emerging security framework in the south Asia region. "China is currently and has every reason to continue to be a benign power," said Mr Mahamad Najib, Malaysia's defence minister, recently.

While Dr Mahathir has been urging Malaysia's businesspeople to seek business opportunities in China there is some concern in Kuala Lumpur that foreign investors are moving funds away from Malaysia and into China.

UN set for Somalia strike

Leslie Crawford sees the country sinking into a military quagmire

LIKE THE rains now churning mud and garbage in Mogadishu's filthy streets, the United Nations' humanitarian intervention in Somalia is rapidly sinking into a military quagmire.

The killing of 23 Pakistani Blue Helmets last Saturday has brought UN forces to the brink of war with Somalia's most defiant clan leader, Gen Mohamed Farah Aided. An air strike against his strongholds in the south of the capital is thought to be imminent now that the evacuation of almost 500 UN civilian staff and international aid workers to Nairobi has been completed.

In a further sign of imminent retaliation, the United Nations Operation in Somalia (Unosom) decided to close Mogadishu airport to all civilian flights from midnight last night.

Only Unosom flights and military aircraft will be permitted to land until further notice. In Washington, the Pentagon said it was sending 2,000 US marines to Somalia. They are expected to arrive within the next five years.

The handful of aid workers who remain have retreated into heavily fortified compounds. UN troops are combating the suburbs for weapons and have reboiled security at key installations. Military reinforcements, including US AC 130 Spectre precision bombers, are said to be within striking distance of Mogadishu.

In a final attempt to avert another bloodbath, the UN delivered a letter to Gen Aided demanding he hand over those responsible for Saturday's slaughter - the deadliest single strike against its peacekeepers in over 30 years.

The letter is also believed to have included an ultimatum to the warlord: disarm your militia, hand over your weapons and close down your radio station, or face the consequences.

But Thursday night's broadcast on Gen Aided's "Voice of the Somali Masses" clandestine radio station continued to pour vitriol over the UN's presence in Somalia. It called on UN troops to leave the country and warned that the next message would be "written in blood."

At a press conference yesterday,

the original ideals that inspired the UN's unprecedented humanitarian mission in Somalia appear to lie in the rubble of the war-torn capital.

"The relief work is dead," says Jamie McGoldrick, one of only three Save the Children Fund foreign staff to remain in Mogadishu. "This has become a purely military operation."

Although Mr McGoldrick is still managing to deliver a few emergency medical supplies to hospitals, the 35 feeding centres in the Somali capital are

a country it has adopted as a de facto protectorate.

In private, UN officials say they cannot afford to let the terrorist actions of a gun-toting warlord go unpunished. But retaliation could trigger a wave of sympathy for Gen Aided and unite rival warlords against UN troops. The 18,300-peacekeeping force would come to be regarded as an occupying foreign army.

Already, Somalis regard the UN intervention as humiliating evidence of their inability to manage their own affairs.

"The UN wants to destroy and humiliate Aided in front of his people," says McGoldrick. He fears the multinational force underestimates the size of Gen Aided's constituency - thousands of young men who, by his patronage, can carve out an easy existence from looting, extortion and banditry. They have a vested interest in anarchy.

On the streets of the Somali capital this week, there was much brave talk of rallying to Gen Aided's defence. There is no shortage of guns. Mogadishu was awash with ungodly rumours of UN cruelty against the local residents - 40 hostages held, three Somalis killed, arbitrary arrests. Hostility towards their benefactors was palpable.

Others were cutting their losses. War refugees who had sought a safe haven in Mogadishu were leaving the capital in droves. One entrepreneur, who supplied electricity from looted generators to much of south Mogadishu, shut down his business this week and packed his bags. A sign outside his shop said: "No More War."

In a further sign of imminent retaliation, the UN operation in Somalia decided to close Mogadishu airport to civilian flights

day morning, however, Gen Aided appeared to be adopting a more conciliatory stance, although he placed the blame for last weekend's clashes on UN peacekeepers.

He asked the UN to appoint an independent commission to investigate the incident. He said the death toll had risen to 89, while another 350 people were wounded.

The UN and Gen Aided continue to give differing accounts of what happened last Saturday. The UN says Pakistani soldiers were ambushed at several points of the city in a pre-meditated and orchestrated attack. The worst killings took place at a feeding centre.

Gen Aided insists that he no longer commands any militia or weapons, and that the clashes were a spontaneous uprising following a Pakistani raid on his radio station. As the military tension esca-

closed. Some 200,000 people in the capital who rely on food rations are going hungry. Meanwhile, 15,000 tonnes of food are lying idle in the port. Outside the capital, UN spokesman Faruq Malawi says food stocks will last 10 days.

It is not only months of relief work that have gone to waste. Last Saturday's killings also destroyed the UN's faltering efforts to broker a political reconciliation between rival Somali clans. Since a UN-sponsored peace conference in Addis Ababa in March, mediators had achieved some success in negotiating local truces and bringing the clan elders together. Such tentative diplomatic gains are now at risk.

In weighing its response to Gen Aided's aggression, the UN will have to consider not only its international reputation and role as peacekeeper, but its responsibilities towards

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NEWS: UK

Receivers complete most crucial phase in complex rescue of collapsed European vehicle group

Management buy-out saves Leyland Daf

By Kevin Done and Ian Hamilton Fozzy

A MANAGEMENT buy-out team reached agreement yesterday in take over of the Leyland Daf truck assembly plant in Leyland, Lancashire from the administrative receivers.

The MBO is one of the most significant steps in the rescue of the former Daf group in the UK, the Netherlands and Belgium, which collapsed into receivership at the beginning of February.

The deal announced on the shop floor was greeted with an emotional two-minute ovation by the workforce of 700.

In a parallel move Daf Trucks of the Netherlands, which was created in March to take over the core medium and heavy truck operations of the old Daf group in the Netherlands and Belgium, reached agreement with the UK receivers to acquire Leyland Daf Trucks Ltd, the former UK marketing and sales arm in Thame, Oxfordshire.

The Dutch group will control the UK Leyland Daf dealer network and will market and sell the 45 series light trucks and other heavier models made in Leyland through this network in Britain along with its own heavy trucks. It will also sell the UK-built light trucks through its existing dealer network in continental Europe.

The two deals secure the 700 jobs at the Leyland assembly plant and 150 at Thame. As part of the MBO deal the entire 230-acre site in Leyland has been acquired from the receivers by Lancashire Enterprises, the development arm of Lancashire County Council, for development as a business and technology park.

The new MBO company, Ley-

land Trucks Manufacturing, will lease the site of the assembly plant.

The buy-out, led by Mr John Gilchrist, Leyland Daf's managing director, has been backed by 25m of equity funding from Barclays Development Capital. Working capital finance has been provided by National Westminster Bank.

Mr Gilchrist yesterday forecast a turnover of £140m and an output of about 10,000 trucks in the first 12 months of operation.

When Daf collapsed in February the group had about 12,000 jobs in the UK, the Netherlands and Belgium.

If the remaining parts of the group are rescued as planned, the workforce will have been virtually halved with around 2,845 jobs remaining in the UK.

The truck plant management buy-out has put in place the most crucial piece of the jigsaw in the complex rescue of the failed Daf commercial vehicle operations in the UK.

It may appear to potential truck and van buyers as if business is being resumed as normal with the same products, the same brand names, and virtually the same dealers. Behind the scenes, however, the former group has been broken into independent units, separately owned and financed, but still linked through arm's-length supply agreements and buyer-seller deals.

According to Mr Murdoch McKillop of accountants Arthur Andersen, one of the joint administrative receivers, the rescue of the UK business, has been the biggest and most complex manufacturing receivership in the UK since the col-

lapse of Rolls-Royce in the early 1970s. Leyland Daf had an annual turnover of £360m. He said: "At one time we thought it might be too complicated to hold it all together."

The Daf group collapsed with total debts of more than £1.3bn (£1.1bn) and after running up total net losses in the previous three years of £1.85m.

Before the collapse the workforce in the UK and the Netherlands had already been cut to 12,288 in 1992 from 16,782 in 1989. By the time the rescues are completed it will be halved again to around 6,000.

Including yesterday's crucial agreements separate rescues

If the remaining parts of the group are rescued as planned, the workforce will have been virtually halved with around 2,845 jobs remaining in the UK

have now been completed for:

● The Dutch and Belgian medium and heavy duty truck operations in Eindhoven and Westerlo.

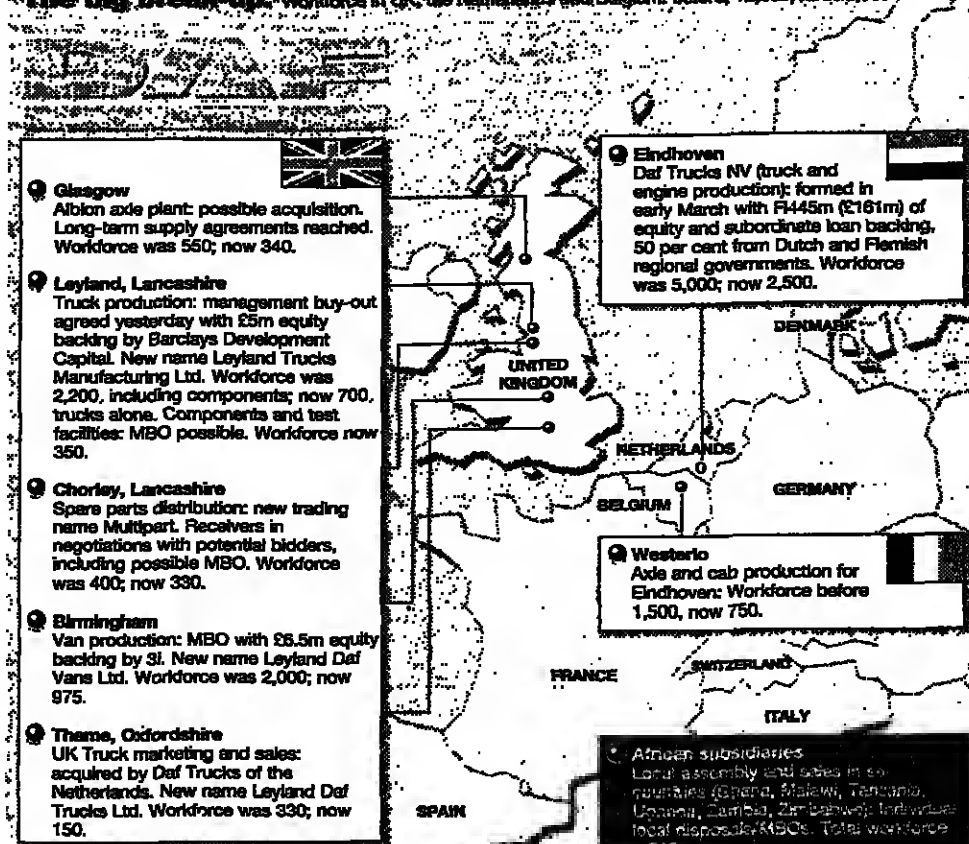
● The Birmingham-based van operations.

● The truck assembly plant in Leyland, Lancashire.

● The truck marketing and sales operation in Thame, Oxfordshire.

Still to be finalised are the rescues of the Albion axle plant in Glasgow, the spare

The big break-up: workforces in UK, the Netherlands and Belgium before, 12,000; now, 2,845



parts distribution business in Chorley, Lancashire - now trading under the name Multi-part - the Leyland components and test facilities, and the disposal of the assembly and sales operations in Africa.

The core medium and heavy-duty truck operations in the Netherlands and Belgium were the first parts of the collapsed Daf group to be rescued at the beginning of March.

A new company, Daf Trucks

NV, was formed with the backing of fresh equity and subordinated loans totalling around £1.445m. About half of that figure was provided by the Dutch government and the Flemish regional government, with the remainder coming from a group of Dutch and Belgian banks, institutions and, to a limited extent, from suppliers, dealers and importers.

Daf Trucks expects to produce about 10,000 medium and

heavy duty trucks in 1993 and is forecasting an annual turnover in a full year of £1.2bn.

The receivers' first success was at the end of April with the MBO of the Leyland Daf van operations in Birmingham.

The formation of the new company, Leyland Daf Vans, was supported by around £5.5m of equity finance from 31.

The other main elements included working capital and a medium-term bank loan of

more than £7m provided by Royal Bank of Scotland, financing of up to £20m from United Dominions Trust, a subsidiary of TSB Bank, to fund dealer stocks, and UK state aid of £5m.

Leyland Daf Vans expects to achieve a turnover of about £150m in its first year of operation, according to Mr Allan Amey, chief executive and leader of the MBO team. It is forecasting output of about 12,000 vans a year.

By securing the future of the UK truck and van plants the way has been opened to dispose of the remaining operations.

The lucrative former Leyland Daf spare parts distribution and warehouse business at Chorley, Lancashire, now trading under the Multi-part brand name, has reached parts management and royalty agreements with the UK van and truck manufacturing operations and with Daf Trucks NV.

With a turnover pre-receivership of £140m a year it was the most immediately viable part of the collapsed group with about 200,000 Leyland Daf vans and trucks on the road in the UK and still requiring replacement parts.

An MBO team led by Mr David Little, operations director, is negotiating with the receiver, but it faces stiff competition including from Unipart, the vehicle parts distributor and manufacturer.

The Albion axle plant in Glasgow has negotiated long-term supply agreements with its main customers, Leyland Daf Vans and Leyland Trucks Manufacturing. The plant is likely to be acquired by Scottish engineering interests in the next few weeks.

Judgment reserved in Clowes appeal

THREE APPEAL Court judges yesterday reserved judgment on the appeal by Mr Peter Clowes, the jailed financier, against his conviction on 10 charges of theft. John Mason writes.

Mr Clowes, who is in Wandsworth prison serving a 10-year jail sentence, appealed against the theft charges, but not the eight counts of fraud of which he was also convicted at the end of his trial last February.

He claimed that Barlow Clowes International had authority from investors to invest their money as it thought fit, and was more like a banking operation than a trust fund company.

Mr Peter Naylor, who has served an 18-month sentence for theft, also appealed against his conviction.

No date was set for the court to announce its decision.

Betws miners support MBO

MINERS AT the Betws coal mine in south Wales have voted to abandon their bid to run the pit. They now support a management buy-out team of four pit executives.

Betws, in Dyfed, is one of 20 pits that British Coal is inviting the private sector to operate, having decided that they have no long-term future under its ownership.

Mr Martin Cook, the Betws deputy manager heading the bid, will outline the buy-out proposal to Mr Tim Eggar, the energy minister, at a private meeting in London next week.

Mr Cook said: "The beauty of our scheme is that the colliery will remain in local hands, worked by local people. We are not in it to make a quick profit and then pull out as we suspect, other independents might favour."

Mr Cook's team plans to extend the Betws colliery's life for up to 10 years, mining anthracite coal for which there is a strong demand. Last year more than 800,000 tonnes were imported.

Mr Cook said the buy-out adviser, Coopers & Lybrand, had already had strong interest in the plan from City bankers. Betws is one of five pits that were put out for tender on Thursday, the others being Rossington, Markham Main, Bevercotes and Clifton.

Change on audit fees planned

THE DEPARTMENT of Trade and Industry is proposing to amend the legislation governing disclosure of fees generated by auditors in companies' annual accounts.

Mr Neil Hamilton, minister for corporate affairs, said he wanted to remove the requirement for disclosure of associates of auditors where the auditors' only relationship to the associates is as insolvency practitioners.

But this includes many companies which are classified as associates only because an insolvency partner in a firm of auditors has been appointed to it and has control of at least 20 per cent of the voting rights.

The existing regulations came into force in October 1991 following consultation designed to deal with potential conflicts of interest.

Comments on the DTI consultative paper are invited by July 30.

Future is far from secure for born-again truckmakers

By Kevin Done, Motor Industry Correspondent

AS RECEIVERS and management buy-out teams celebrate the rescue of the former Leyland Daf truck and van operations, serious obstacles remain to the long-term viability of the ventures.

● The new companies are being launched into a business environment that remains hostile.

● During the long weeks of receivership rivals have been trying to bite heavily into Daf's market share and to undermine its dealer networks.

● The van and truck operations will not control the lucrative spare parts business, and will derive only royalty income from parts.

● The new ventures will need to generate substantial funds to finance new product development.

The deep recession that brought the Daf group to its knees may be starting to lift in the UK, but conditions are deteriorating rapidly in continental Europe, where Leyland Daf must sell a significant part of its light truck output.

In the UK new commercial vehicle registrations in the first five months of this year were still 4.5 per cent below those for the corresponding period last year and 50.6 per cent below the 1989 peak.

The medium and heavy van market, in which Leyland Daf Vans is competing, is where demand is weakest.

The truck market is showing some signs of life, but from a very low base.

UK truck sales (above 3.5 tonnes gross vehicle weight) last year were 55 per cent below the peak sales of 69,234 achieved in 1989. Overall West European truck sales fell by 25 per cent in the first quarter this year.

The heavy cost of developing new products helped bring down the old Daf group and it could well prove eventually to be the Achilles heel of the new ventures. Pulled together out of the wreckage of the old Daf group, they will probably still need to find strategic partners to survive in the long term.

Leyland Daf Vans in Birmingham has lost access to Daf's continental

dealer network, and so has had to base its hopes for survival on the UK market alone.

It is concentrating efforts chiefly on sales of basic, low-cost utility panel vans to large fleet customers such as the Post Office.

It has also been forced to drop out of a project to develop a new generation van in a joint venture with Renault, the huge cost of which helped bring about Daf's collapse.

The MBO will be forced to rely instead on further development of the present vans, which were originally launched 20 years ago as the Sherpa van by the then British Leyland.

But the new ventures do have some advantages. They have been

relieved of old debt burdens, and the heavy costs of restructuring and rationalisation have disappeared through the receivership. The truck plant workforce has agreed to a pay freeze until the end of 1994 and to a package of far-reaching reforms in working practices in support of the rescue deal.

Mr John Gilchrist, leader of the successful Leyland truck plant MBO team, claimed the Leyland plant had a lower cost per vehicle than any of its rivals.

The Leyland plant is pinning its hopes for survival on being "a dedicated contract manufacturer" of commercial vehicles. It is aiming to manufacture its own designed vehicles and it will seek also to

assemble other makes under contract.

Much may depend on whether it can win repeat business from the Ministry of Defence for military vehicles to help to even out the wild fluctuations in demand in civilian markets.

Military work has been an important factor in helping it through the receivership. Now it has only 300 of a 1,500 order for heavy ammunition carrying trucks left to complete by spring next year along with 2,000 of a 5,500 order for general service British Army trucks to be completed by spring 1995.

The remnants of the Daf group may have a future, but it is far from a secure one.

Building revival remains elusive

By Andrew Taylor, Construction Correspondent

THE REVIVAL in house-building shows little sign of spreading to other areas of construction, many of which remain stuck in recession, to figures published yesterday by the environment department show.

Mr Joe Dwyer, chief executive of Wimpey, one of the country's biggest construction companies, warned this week that a recovery in general contracting was unlikely to occur before 1995 at the earliest. He said competition for UK work was intense so that margins were very low.

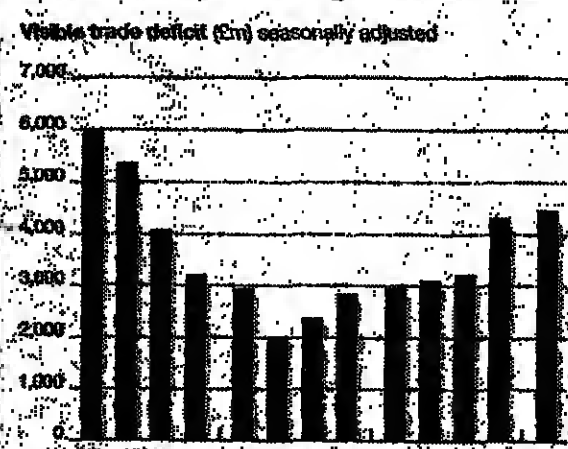
Wimpey's house sales, by comparison, were 55 per cent higher in the first five months of this year compared with the corresponding period last year.

Sir Brian Hill, president of the Building Employers Confederation, said yesterday that the industry remained in a serious recession "with output set to fall by a further 3 per cent this year and the construction jobsless total heading for half a million since summer 1989".

The environment department said total construction work in Great Britain was 5 per cent lower in the first three months of this year than a year before.

Private-sector commercial work, mainly offices and shops, was worst affected, with output down 25 per cent. A glimmer of hope from the department's figures was provided by a 5 per cent rise in private industrial work. Contractors say, however, that manufacturers and service industries will not invest in new buildings until they are confident that economic recovery can be sustained.

More heavily in the red: the first full trade figures since January



The Central Statistical Office warned yesterday that the first-quarter trade figures were more than usually liable to revision as a new system for measuring EC trade flows settled down, Emma Tucker writes.

The figures showed little change in the UK's trade deficit with the European Community.

Following the opening of the single market at the end of last year, customs declarations - the old source of

trade statistics - are no longer required for movements of goods within the community.

Intrastat, a system for measuring intra-EC trade statistics, has therefore been introduced. It takes its

information from a combination of surveys and VAT returns.

The CSO said Customs had received returns from traders representing about 86 per cent of the value of exports and 78 per cent of imports in

the first quarter. "As a result, estimates for the first quarter are less reliable, are subject to greater revision than usual and have been shown rounded to the nearest £100m," it said.

Sugar's QC denies that Venables had deal

By John Mason, Law Courts Correspondent

MR ALAN SUGAR, chairman of Tottenham Hotspur football club, denied reaching any agreement with Mr Terry Venables, the club's chief executive, that he would never use his larger shareholding to vote against him, the High Court was told yesterday.

On the second day of the hearing over whether the

injunction preventing Mr Venables' sacking should be lifted, Mr Philip Heslop, QC for Mr Sugar, said the attempted dismissal had been properly handled. Even if there had been such an agreement between the two men, as Mr Venables had claimed, there was nothing to stop the board getting rid of him if it wished, Mr Heslop said.

"It is not right or arguable that this company has the burden of having to employ Mr Venables as chief executive indefinitely," he said.

Earlier Mr Martin Mann QC repeated Mr Venables' claim that when the two men took control of the club in June 1991 they had agreed not to vote against each other.

However, after the club's re-financing rights issue in November 1991, in which Mr Sugar increased his holding, the chairman refused to

sign a written agreement that this arrangement would continue.

Mr Venables said in an affidavit that he had been "naïve" to agree to the rights issue going ahead - and any trust he had in Mr Sugar - evaporated afterwards. Mr Heslop said the evidence of the majority of the board was that they no longer had any confidence in Mr Venables' ability to discharge his function.

The decision to remove Mr Venables was not just Mr Sugar's but that of the Spurs board. "The company appointed him and the company dismissed him," he said.

Mr Venables himself had no right, except in very special circumstances, to reverse the board's decision. There had been no attempt to exclude him from being involved in the affairs of the company as a director, Mr Heslop said.

The decision to remove Mr Venables was not just Mr Sugar's but that of the Spurs board. "The company appointed him and the company dismissed him," he said.

Mr Venables himself had no right, except in very special circumstances, to reverse the board's decision. There had been no attempt to exclude him from being involved in the affairs of the company as a director, Mr Heslop said.

Make lottery a charity, says peer

By Raymond Snoddy

A FINAL attempt will be made in the House of Lords next week to try to transform the government's planned National Lottery into a charitable foundation.

Lord Birkett will propose a series of amendments similar to those put forward by Sir Ivan Lawrence, the Conservative MP, in the House of Commons but not debated.

Lord Birkett is a director of Lottery Promotion Company, a non-profit making body which has been campaigning for charitable status for the lottery.

The company believes charitable status would not only increase the money going to good causes such as sport and the arts but would help to prevent political interference in the allocation of the money. It would also reduce the danger of lottery funds being substituted for existing Exchequer spending.

Mr Denis Vaughan, execu-

tive director of the company, said yesterday it was obvious that a national lottery should be at arm's length from government.

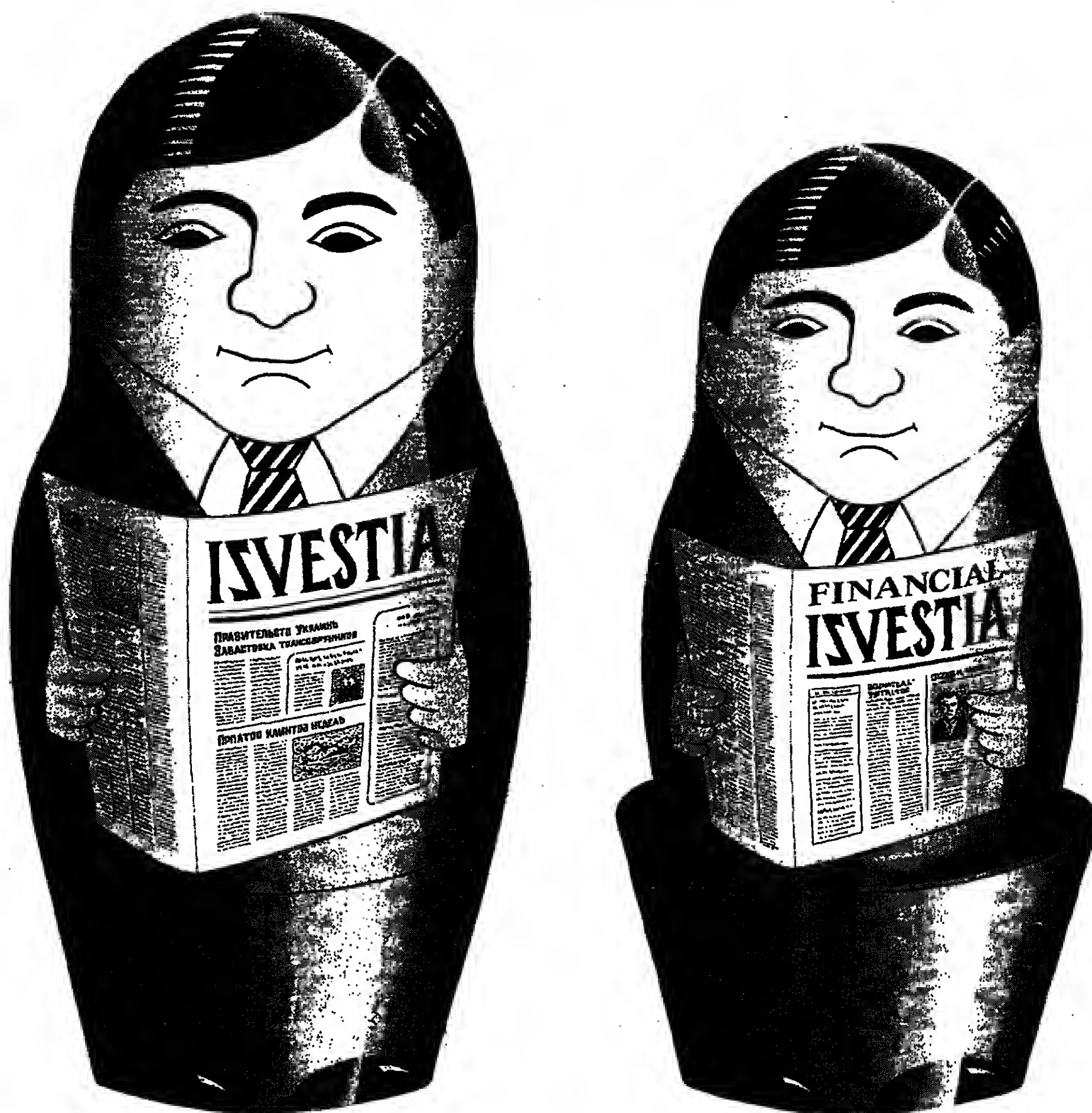
"Every other country has had difficulty with this. We must learn from them," Mr Vaughan said.

The company believes it has all-party support for the amendments in the Lords and that government plans would "hand an unnecessary amount of profit to the private sector".

The amendment was carried after sport and heritage could each hope to receive £285m a year from a £3bn lottery turnover.

The government hopes that the lottery - which could be the world's biggest - will be launched next year.

It is intended to raise money for the arts, heritage, sports, charities and a new fund to celebrate the year 2000. Independent estimates suggest the lottery could generate sales of more than £40n a year.



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NEWS: UK

£5m will be available for equity stakes in companies

Tec launches fund for venture capital

By Chris Tighe

THE Northumberland Training and Enterprise Council yesterday became the first Tec to set up its own venture capital fund, allowing it to make equity investments in companies in its area.

The £5m Oak Fund is part of a package of services launched by the Tec yesterday to stimulate enterprise in Northumberland.

The package includes a £300,000 loan fund, the Rowan Fund, jointly financed by the Tec and Midland Bank, offering unsecured loans of up to £20,000 with interest pegged at half base rate for new businesses and base rate for existing companies.

Northumberland Tec chief executive Mr Stephen Cowell said he believed the enterprise and training remit of Tec,

the 82 employer-led bodies which deliver government training schemes in England and Wales, were of equal value and went hand in hand.

Tecs, he told an audience of Northumberland business leaders, are not "eggheads" through which government grants pass, but enterprising bodies which should recognise the need to take risks.

The venture capital fund, he said after the launch, did not duplicate resources available from the private sector but was a response to complaints from Northumberland companies about the difficulty of securing equity finance below £250,000.

Mr Cowell said: "The enterprise strategy was set up to create a whole series of products outside our contract with the government. We're seeking to put our resources together with existing providers so that

they might be willing to take risks they wouldn't otherwise have done."

Outside consultants will guide the Oak Fund's investment decisions. It aims to take a stake, typically of about £100,000, in viable businesses for five to seven years.

Other elements of the Tec package are the Cedar Fund, a £300,000 fund jointly financed by British Coal Enterprise, offering loans of up to £50,000 at 9 per cent fixed interest, and a Training Investment Fund, through which the Tec will offer companies interest-free loans of up to £20,000 for high-quality training.

Northumberland Tec is already involved in a £10m scheme to convert Longhurst, a country mansion, into a conference centre and a campus for the University of Northumbria.



Mane event: heavy horses being prepared for their part in the South of England Show at Ardingly, West Sussex, which ends today

Smith backs bid to restart Irish talks

By Tim Cooney in Dublin

MR JOHN SMITH, the Labour leader, said in Dublin yesterday he fully supported efforts by the UK and Irish governments to restart round-table talks on Northern Ireland.

He said the 1985 Anglo-Irish agreement and reunification of Ireland by consent remained the central pillars of his party's policy on the province.

Mr Smith is on a two-day visit to the republic, accompanied by Mr Kevin McNamara, Labour spokesman on Northern Ireland.

Mr Smith said that any renewed political talks in the north "should be on the basis of the three strands of the previous talks, and on the principle that nothing should be agreed until all is agreed."

He rejected a suggestion made in the Commons this week by Sir Edward Heath, a former Conservative prime minister, that the talks should be held without the participation of the hard-line Democratic Unionist Party (DUP), led by the Rev Ian Paisley. He is now viewed as the main obstacle to the talks' resumption because of his insistence that the republic must drop its territorial claim to the province.

Mr Smith said: "The DUP won 17 per cent of the vote in the recent local elections and that has to be accepted as a reality."

He said Sinn Féin, the political wing of the IRA, could also be accepted into the talks process, "but they must renounce violence". Labour "would not want to have any talks with Sinn Féin".

But Mr Smith respected the recent moves by Mr John Hume, the leader of the nationalist Social Democratic and Labour Party in Northern Ireland, to hold a series of discussions with Mr Gerry Adams, the Sinn Féin leader, to find a way of bringing an end to the IRA violence.

Mr Smith said this "took a great deal of personal courage and bravery".

School ski trips put Abta on a slippery slope

Failed travel companies are causing severe financial problems, says Michael Skapinker

LAST FEBRUARY Mr Larry Cahn, head of careers at Alderbrook School in Solihull, West Midlands, got a call to tell him the ski company to which he had paid £18,000 of parents' money had collapsed.

With 48 pupils due to leave for Austria in two weeks the news came as a shock, particularly as he had happily dealt with the company, Travels by Design, in the past. The caller, from another ski company called ESL Holidays, told Mr Cahn not to worry. ESL would ensure the trip went ahead. It did, without the school having to pay any additional money. Last month ESL collapsed.

The Association of British Travel Agents says school ski trip failures threaten its future. Claims on Abta's short-fall insurance have been so high that the association has to pay £1 of premium for each £1 of cover. Premium contributions from members are expected

to be seven or eight times as high as last year.

Like Mr Cahn, most teachers and parents emerge from ski company failures unscathed. Provided the company is one of its members Abta picks up the tab, ensuring trips go ahead.

What worries Abta is the ease with which the customer lists of failed companies are sold to other operators. Schools are usually asked to assign their bookings to the acquiring operators, which claim the failed companies' refunds directly from Abta.

Schools are happy that their trips are going ahead. The acquiring operators use the Abta money to pay other creditors, such as hotels and coach companies. The loser are Abta, its remaining member companies, and ultimately - through the weakening of the association - the travelling public.

Last April Abta wrote to schools and education authorities saying open-ended compensation could not continue. Deposits would be refunded only if paid less than a year in advance and only up to £25 per person. Other payments would not be returned if paid more than 10 weeks before departure. Ski operators reacted furiously, saying the letters would damage their business. This week six operators obtained an injunction suspending Abta's threat.

Undercapitalised companies have long been attracted to the travel industry - encouraged by the low barriers of entry into the market and by the ease with which business can expand. The ski tour market, where schools are prepared to pay deposits a year or more in advance, has been particularly enticing.

Mr John Shepherd, managing director of Equity, one of the ski companies that took Abta to court, said: "Expansion in the travel business is quite simple. All you do is contract for more beds. You don't have to buy any new plant and tool up for the next 15 years."

Mr Cahn says his school gets brochures every year from up to 40 operators. He constantly gets telephone calls from ski companies wanting to make appointments to visit the school.

In an affidavit to the court hearing Abta said school trip operators "are particularly open to exploitation by the more opportunistic and even fraudulent members of the industry".

There have been instances of the company that acquires a client list having close links with the failed organisation,

although that does not appear to have been the case with Travels by Design and ESL. Abta has expressed concern about acquiring companies' practice of employing executives of failed groups as consultants.

The association has not yet decided whether to appeal against the injunction, or whether to fight its case when a full hearing takes place at the end of the year. Mr John Dunscombe, Abta's chief executive, conceded that the association would have to examine other ways of protecting its finances.

But he insisted that the threat to the association should not be underestimated. Abta tour operators have to arrange bonds, usually equivalent to between 10 per cent and 15 per cent of turnover. If the bonds prove insufficient to

compensate customers the association draws on its short-fall insurance.

In the year to the end of last month five school tour operator failures resulted in claims of £42m, of which the companies' bonds covered only £1.8m. The remaining £40.2m had to be met from the shortfall insurance, representing 85 per cent of claims on the fund.

Mr Dunscombe said: "The insurers, to some extent understandably, have said that this is not insurance. Insurance is meant to cover unlikely events."

Abta will have to pay £3m in premiums this year to get £3m of shortfall insurance.

Abta has been driven to the point of financial collapse before. In 1991 ski company failures exhausted its shortfall insurance. The association had to impose an emergency levy

on its tour operator members to ensure its survival.

Mr Dunscombe doubted that Abta members would agree to pay another emergency levy if the shortfall insurance was exhausted again. The association is divided about its future, with the larger companies threatening to leave unless the cost of running Abta is cut.

The imposition of a levy could lead to the large groups deciding that association membership is no longer worth the trouble.

Abta will have to find other ways of reducing school operator failures.

Mr Andrew Lay, commercial director of Skibound, the market leader, said Abta should rely on large operators to warn it of companies in trouble.

"There are a number of cases we've highlighted to Abta where we think there's a 55 margin on a holiday and this company is charging £20 less for it."

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Company 'equipped Iraq testing complex'

By Jimmy Burns

A GOVERNMENT-owned defence company equipped an Iraqi complex which could have been used for testing missiles, including Exocets, after ministers justified the contract, the Scott arms-for-Iraq inquiry heard yesterday.

Previously classified Whitehall documents read out by the inquiry's counsel Miss Priscilla Baxendale QC show that ministers approved the contract involving International Military Services after ignoring warnings from Foreign Office officials that the complex had a potentially lethal military use.

The final go-ahead for the project was given after Mr Norman Lamont, towards the end of his period as minister for defence procurement, had

The following is an extract from a letter marked "confidential", written by Mr Norman Lamont while he was minister of state for defence procurement, to Timothy Banton, minister of state at the Foreign Office, on February 23 1986.

insisted that the contract did not significantly enhance Iraq's military capability. It was also argued at ministerial level that the contract was not subject to the guidelines as it had been signed before they were introduced.

The documents also show that ministers decided that the completion of the IMS contract in 1986 should be kept secret so as to avoid a potential political outcry.

"... We need to be able to answer any criticism that the participation of this wholly-owned government organisation is improving the Iraqi capability to attack shipping in the Gulf."

"The remaining IMS responsibilities in this contract are

The existence of the IMS project first surfaced in a report published by the Financial Times in July 1991. Both the MoD and IMS refused to comment at the time.

Further details of the project emerged yesterday during oral evidence given to the Scott inquiry by Mr Alan Collins, a senior Foreign Office official who was chairman of the inter-departmental government committee in charge of vetting sen-

supervisory and relate to the construction of the building and the installation of the safety and general monitoring equipment which has already been delivered... all this equipment is directed exclusively to the physical safety of those who conduct the

inter-departmental controversy after Mr Collins and Mr Richard Luce, then minister of state at the Foreign Office, had argued with defence officials that it ran contrary to the guidelines restricting defence exports to Iraq announced to parliament in October 1985.

In a minute dated August 30 1985, apparently based on intelligence information, Mr Collins wrote: "We need to keep a close eye on this project... it

tests and the weapons... "The discreet test equipment for the weapons will be supplied and installed (after IMS has left the site) by French contractors... "These contractors are already engaged in the testing of the missiles... Therefore

could be used to support Exocet missiles."

Asked by Lord Justice Scott whether he thought it was unsuitable for a government-owned company to be involved to such a project, Mr Collins replied: "We felt it should be assured at the highest level that it fell within the guidelines."

Under the guidelines announced to parliament by

the then foreign secretary Sir Geoffrey Howe, no defence equipment should be exported to Iraq or Iran that would significantly "enhance the capability of either side to prolong or exacerbate" the conflict between the two countries.

A high-level source close to the Scott inquiry said after yesterday's hearing that evidence given during the periodic oral hearings so far, were only the "tip of the iceberg" of what is being gathered from a mass of previously classified documentation and written evidence. The publication of the report may not be ready before the end of the year.

The oral hearings continue next Tuesday with evidence by Sir Stephen Egerton, the former British ambassador to Saudi Arabia.

INSURERS moved yesterday to reopen negotiations with the government over Pool Re, the government-backed reinsurance company which covers business against losses from terrorist attack. Richard Lapper writes.

On Wednesday Mr Ian Rushon, outgoing chairman of the Association of British Insurers, said member companies were reviewing their participation of the scheme, set up earlier this year after terrorism was withdrawn from commercial insurance policies.

Mr Alan Bridgewater, who takes over as chairman of the Association of British Insurers next month, said he was concerned "to engage in a constructive discussion with the DTI to review the whole scheme as quickly as possible".

Mr Bridgewater, however, said he "felt strongly concerned" about the lack of consultation by the DTI on the issue.

The row between insurers and the government follows protests earlier this week from the Confederation of British Industry and other business organisations about planned increases in premium rates at Pool Re.

Rates for some of the largest buildings in most exposed areas such as central London will rise more than 300 per cent next month. Businesses in less vulnerable parts of the country will benefit from rate reductions, however.

Move to reopen talks on Pool Re

Leaked papers propose £5bn social security cuts

By Alison Smith

THE GOVERNMENT plans social security savings of about £5bn a year by the end of the century in order to stabilise its proportion of public spending, Labour said yesterday.

A second batch of documents, said to be from within the Department of Social Security, came to light a day after the Tories faced a damaging row provoked by the leaking of plans to cut substantially the cost of invalidity benefit. The proposals were to tax it, make it less generous and focus it more on the long-term sick.

While ministers dismissed Labour's attack as further scare-mongering, Tory backbenchers still appear uneasy about the prospect of further months of speculation and reports about public spending cuts in the approach to the

unified Budget in November. The papers released by Labour spokesmen set out some broader points about the future of contributory benefits and also implied other benefits would have to be cut.

Mr Gordon Brown, shadow chancellor, said that the £5bn a year saving by the end of the century envisaged in the papers was almost four times the £1.3bn saving from changes to invalidity benefit alone.

But Mr Peter Lilley, the social security secretary, denied that the long-term review of his department's £20bn spending was Treasury-led.

Instead, it was intended he said "to make sure vulnerable people are protected, and to make sure the whole system is sustainable and does not outstrip the growth of the

nation's ability to pay for it", he said.

He insisted that there was no question of taking money away from people who were genuinely sick and in need, but said that there was a need to look at why the number of people claiming invalidity benefit had been rising so quickly and why people had been remaining on the benefit for longer.

Mr Donald Dewar, the shadow social security secretary, highlighted the paper's admission that introducing means-testing for invalidity benefit would be such a financial change that it could lead to assumptions that a similar approach would be extended to other contributory benefits.

The move would undermine the principles of the welfare state, he said.



John Major salutes the applause at the end of his speech at the Conservative party Welsh conference at Llangollen yesterday

Ministers weigh up the benefit of making cuts

WHILE public spending has increased by half in the past five years, invalidity benefits have doubled.

That gives government ministers good reason to examine this area of social security as part of the effort to tackle the fiscal deficit - likely to be £50bn this financial year - without further increases in taxation.

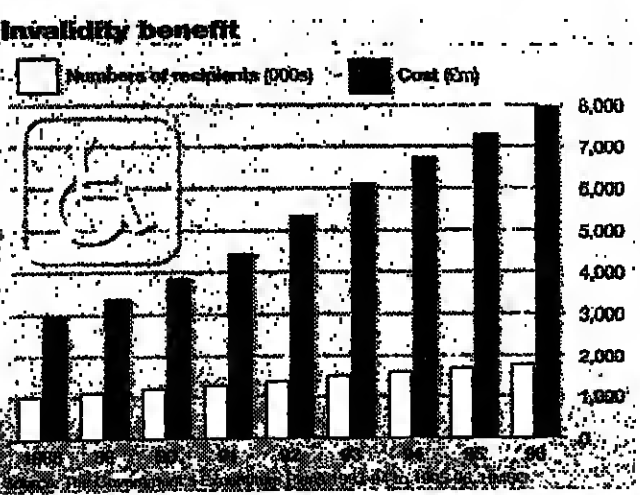
In 1992-93 invalidity benefits cost the taxpayer £6.1bn out of social security spending of £79.2bn. Five years earlier invalidity payments came to £3bn compared with total outlays on social security of £48.9bn. Invalidity benefits now account for nearly 8 per cent of the cost of social security, up from 6 per cent in 1987-88.

People receiving these allowances have increased from five years ago to 1.5m last year. For all the obvious political risks involved, the idea of cutting these payments has some practical advantages. Invalidity benefits add up to one of the larger areas of social security spending, which accounts for almost a third of total government spending.

Efforts to reduce state pensions - responsible for nearly half the social security bill - or child benefits would provoke outcries from a wide cross-section of society. Targeting invalidity benefits may be less politically risky.

There are three main ways to cut the benefits: make them taxable, crack down on the criteria used when handing them out or cut them.

The benefits are typically



paid to men in their 50s who have lost their jobs and are considered as unfit for work. While a person on unemployment benefit gets about £45 a week, if he or she can be categorised as unfit for work the sum goes up to £56. An extra £12 allowance is available if the man or woman is under 40.

Evidence weighed up includes a written assessment from the individual's doctor and, significantly, the likelihood of employers hiring them.

During the recession, which has been accompanied by a steep rise in unemployment, individuals with even mild disabilities have been less likely to get jobs. That has been both because of the large numbers of able-bodied people on the jobs market and because employers struggling to cut costs are less prone to make allowances for people capable

of working anything less than full-time.

In the 1980s a person on invalidity benefit might after a year or two have been able to find a job and leave the social security register. In recent years this has been far more difficult. Ministers suspect that doctors find it hard to resist pleas to certify patients as unfit to work. They are considering a more rigorous medical test to target the benefit on the genuine sick and disabled.

A second reason why the numbers of people on these allowances has risen is probably because they pay more than unemployment benefits.

When unemployment benefit runs out after a year the only benefit available for those not getting invalidity benefit are means-tested - excluding people with savings.

Peter Marsh

Major warns of tough spending curbs

By Ralph Atkins

MR JOHN MAJOR urged Tories yesterday to face up to the prospect of tough public spending curbs and said the Conservatives' priority should be to listen to "the heartbeat of Britain".

The prime minister told the Welsh Conservative conference that all public spending had to be reviewed because "we are not prepared to see an ever-increasing tax burden" or to "mortgage our children's

future" through massive public borrowing. But he said many proposals for saving money may be discarded once examined.

He said Tories had to go "into the living-room of the three-headed semi-detached house" to "understand what it is that people actually want."

"It is the answers to these questions which determine where the heartbeat of Britain lies."

Firstly people wanted jobs, "to provide for their families

and themselves." People wanted medical care and financial support in their old age. He said he also wanted to encourage home ownership.

He implicitly admitted to a failure of leadership - but not just by him, saying: "It is when those fundamental securities seem uprooted that most people feel most threatened. And that, right the way across Europe from one end to the other, that's what has happened in recent years."

He spent much of his off-the-

cuff speech defending Mr John Patten, the education secretary. He said too many children were failing at school on basic skills. What can they do? "They cannot all be prime minister."

But the first priority of his speech was to convince Tory supporters that the government had a sense of direction. His self-deprecating jokes, and unassuming delivery went down well with delegates at the Tory conference in rain-drenched Llangollen.

Names to fight EGM restrictions

By Richard Lapper

CAMPAIGNERS acting on behalf of loss-making Lloyd's Names are seeking to overturn a rule change imposing new restrictions on the ability of Names - individuals whose assets support the market - to call extraordinary general meetings.

Mr Richard Astor, the lawyer, has said he will campaign to overturn a rule change (4a) of the 1982 Lloyd's Act.

The act says that the market must submit a bylaw, amendment or revocation to a general meeting of the society if requested to do so by 500 Names.

Mr Astor's goal of calling an extraordinary general meeting to liquidate Lloyd's was made more difficult this week when Lloyd's raised the minimum number of Names' signatures needed for an extraordinary general meeting from 100 to 1,500.

Meanwhile, in a separate development, it has emerged that managers of a number of syndicates at Lloyd's insurance market are taking issue with proposals in the Lloyd's business plan to limit the commission income paid by Names to their managing agencies.

The plan, published by Lloyd's to April, ordered an immediate cut in managing agency fees to a maximum of

0.5 per cent of capacity (the amount of premium income syndicates are allowed to underwrite) in 1994 and 0.4 per cent of capacity in 1995.

The business plan also said that managing agencies would not be allowed to distribute any profits earned on fees, but would be obliged to retain them within the agency.

Chairman Underwriting Agency, which manages marine syndicate 488, and the managers of several other syndicates which have charged higher fees, have "given notice" to members' agencies that they are reviewing their fee structure.

It is understood that some of

the managing agencies are unhappy about the new rules and may even leave the market unless changes are made.

Some agencies face a drop in income of as much as 70 per cent because of the change. One agent protested that the business plan was too proscriptive and that there had been insufficient consultation with businesses at Lloyd's.

Members' agencies yesterday played down the importance of the moves. "We regard it as purely precautionary," said the chairman of one of the largest Lloyd's members' agencies. "We believe these syndicates will continue underwriting next year."

Desperately searching for some common ground

David Goodhart and Alison Smith on the Labour leader's uphill struggle for one member, one vote

IT HAS not been a bad week for Mr John Smith, the Labour leader, whose Commons performance on Wednesday raised the flagging morale of his party and increased the government's discomfort.

But earlier in the week the three seaside union conferences which rejected the Smith plan for reforming the party's links with the unions were a rude reminder that his leadership still faces a critical summer-time test.

The Smith camp, and other supporters of "one member, one vote", are adamant that they can still prevail in spite of the clear majority of votes at this year's Labour conference that are committed against removing the unions from selection of political candidates.

Mr Smith is said to be absolutely determined to have his

SUPPORTERS of electoral reform in the Labour party yesterday won the support of the executive council of Britain's biggest union, the TGWU, which agreed to support change to the existing

way and, according to one official, is "splitting blood" about the role of Mr John Edmonds, the leader of the GMB general union, in blocking his plans.

If he could yet win he could boost his national leadership rating, much as Hugh Gaiskell boosted his in the 1980s by taking on the unions and the left on the other hand. If he loses, some opponents and supporters believe it could be a fatal blow to his leadership.

One sympathetic union official said: "Having put the issue of union power into the lime-

light he cannot afford to lose. If he does lose he will not be able to say anything without being accused of being the mouthpiece of producer interests."

Over the weeks leading up to the September conference the possible compromises will no doubt be closely examined, and the committee which has examined Labour-union links may be reconvened to try to find one.

The trouble is that compromise between the two positions now staked out is hard to find. In order to repair some of the

damage to union pride created by the anti-union tone of the debate in the immediate aftermath of election defeat, supporters of reform will emphasise how much they broadly approve of the union role in the Labour Party and stress the plan to offer cut-price membership to union members.

There is no obvious half-way house between one member, one vote and voting as a union member. GMB and Nupe officials say that political levy-payers who sign a Labour supporters register would be voting as associate members of

the Labour Party rather than just union members, and that the register is thus an acceptable compromise. But such a deal would be seen not as a compromise but as a victory for the union barons.

The only realistic way out would be to postpone the issue for another year - but that merely leaves the problem unresolved and open to exploitation by political enemies.

So how is Smith going to win? Some supporters say that when the union leaders see how serious he is they will change their minds, or at least abstain, at the party conference and thus let one member, one vote prevail.

Others suggest that although there might be a clear majority against the Smith position it will not unite around any alternative. The TGWU general

union made this outcome more likely yesterday by deciding not just against the Smith position but also the GMB-Nupee register.

A new system has to be established because the old one has been abolished. An impasse might give Mr Smith the opportunity to impose his own solution by default.

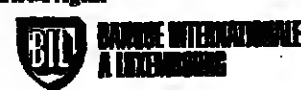
According to some of his supporters he could make this a "back me, or sack me" issue. But would he do it?

He is known more for conciliation than confrontation, and in spite of his attachment to the principle of one member, one vote he has never seemed convinced that a significant distancing from the trade unions is a necessary condition of a Labour victory.

This could become as much a question of face as of principle for Mr Smith.

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Saturday June 12 1993

Hard choices for Mr Clarke

POSTERITY WILL judge Mr Lamont more kindly than did Sir Norman Fowler. It could hardly do otherwise. The question that matters, however, is how it will judge his bouncy, bluff successor, who announced only this week his desire to strengthen the "real economy". Will he be judged "brilliant" three years from now, to be denigrated subsequently as another in a lengthy line of "dash for growth" Tory chancellors?

British postwar chancellors of the exchequer are either remembered for in office, because they have to clear up the mess made by their predecessor, or they are unpopular after leaving office, because they made the mess their predecessors must clear up. Mr Lamont can comfort himself with the thought that he is in the first category.

He is so doubly. The ex-chancellor's predecessor but one, Nigel Lawson, presided over the economic expansion of the latter part of the 1980s. The ex-chancellor's immediate predecessor, John Major, decided to put sterling into the ERM at a central rate of DM2.95. The first hequest led to the subsequent recession. The second blocked off the escape route when it was desperately needed. Mr Lamont could do little but cope with the inevitable unpopularity. He was hapless rather than tragic, but hapless he certainly was.

Despite the limited room for manoeuvre he enjoyed, Mr Lamont was even something of a reformer, notably over fiscal procedures. He will be remembered for the new top-down approach to the control of public spending, for the multi-stage Budget introduced in March, and for the unified Budget, first due in November this year. He will be noted also for designing a post-ERM framework for consolidating low inflation, which includes the 1-4 per cent inflation target, the monthly monetary report and the Bank of England's inflation report.

Specious arguments

Mr Clarke does, in short, inherit much of value from his now universally denigrated predecessor. It includes an opportunity for sustained growth. Unfortunately, his temptation will be to be tackled, those who earn most will have to contribute too.

What Mr Clarke intended when he set sustained recovery as his aim will be shown by how he makes such choices. At each point, arguments will be made in either direction. A disastrous chancellorship is one in which every decision is taken in the riskier direction. Recovery will come. Mr Clarke must persuade his party to allow him to err towards caution.

We have a politician at the Treasury. Emerging this week from the briefest of silences after his elevation to the chancellorship, Mr Kenneth Clarke had a simple message for those seeking to second-guess his economic strategy: they should look at where he came from.

For those unfamiliar with his background, he filled in the details. His convictions and opinions had been shaped in Nottingham - a place where people got their hands dirty, where the priority was to get a job, to earn a living. And the new chancellor had not torn up his roots: "I hardly know the City... I only come to London because I have to come here to do the particular work I have to do."

Unintentionally, Mr Clarke told us something else. As his demoralised backbench colleagues roared with approval during his first House of Commons performance as chancellor, he confirmed his status as the most powerful force in the cabinet. Mr John Major has pinned on his new chancellor his remaining hopes of survival in 10 Downing Street. But Mr Clarke has been appointed here apparently should the Conservative party fail to recover its collective nerve. His first outing as chancellor could not have been more successful. At lunchtime on Wednesday he charmed the parliamentary press gallery with his witty but serious insight into the politics which will drive his economics. By 9.30 that night he was restoring hope to the Tory MPs who had been left stunned by Mr Lamont's blistering attack on the prime minister.

Those waiting for what he termed the "odd quip about the monetary aggregates" had to be satisfied with an assurance that as a former lawyer Mr Clarke had "banded money". He also had friends who worked in the City. He was "not bad" on the geography of the Square Mile.

There was, however, a short, sharp description of the framework in which his economic strategy would be shaped, introducing a new label into the political vocabulary, he put himself in the "hard centre" of Conservatism - pro-Europe, pro-market economies and pro-enlightened social reform.

Combine that with his personal background and it produced a chancellor who was committed to industrial and economic expansion, and to providing opportunities for people to improve their living standards. After all, as he put it, "that's the point of the whole thing -

the mind and vitriol flying around Westminster this week have failed to upset the City of London. What ever the criticisms of John Major and his government by Norman Lamont, sterling has stayed steady and the stock market has edged up.

For all the confusion over the policies of the new chancellor, Kenneth Clarke, who at times this week has seemed on the brink of a dangerous policy of dashing for growth, long-dashed gilt-edged yields have been edging lower, perhaps implying growing confidence on the part of investors.

Alternatively, UK government bonds may simply have been moving in line with a firmer trend across Europe, and ignoring local upsets. "People aren't sure whether this week's events matter. The UK government has long been perceived as being quite weak," says Michael Saunders of Salomon Bros.

Kenneth Clarke must back up tough words with decisive action, writes Philip Stephens

Muck, brass and plain talking

growth and employment". But for so consummate a politician as Mr Clarke, this week was the easy part. Anyone can change the rhetoric of policymaking. There are many in the Treasury who have been worried for some time that the uncompromising language in which the government has framed its anti-inflation commitment had begun to distort the basic objective of economic policy.

Mr Clarke has restored the balance, reminding people that the commitment of inflation and a modicum of fiscal prudence are means to an end rather than ends in themselves.

But the chancellor - who next week will follow his message to the politicians with his first attempt to win the confidence of the financiers - faces hard decisions. His inheritance does not live up to the unalloyed optimism of his predecessor.

True, Britain is one of few western industrial economies showing signs of growth. The headline inflation figure is the lowest for 30 years. A sharp fall in wage settlements and depressed international prices are reassuring.

So there is little debate in the Treasury about the stance of monetary policy. Some believe that interest rates at 6 per cent are fractionally too high; others might like to see them move up slightly. Any argument though is at the margin.

But the recovery is still fragile, vulnerable to the slide into recession of most of Britain's principal export markets. Inflation will soon begin to creep up in response to the delayed impact of devaluation.

And then there is the "iceberg" - Mr Clarke's word - upon which it might all founder: a £1bn a week borrowing requirement equivalent to 8 per cent of national income.

Those who have spoken to the chancellor about his priorities since his appointment detect no great difference with Mr Lamont in the substance of his attitude to inflation.



His presentation is different - relative price stability is a necessary but not a sufficient condition for economic growth. But there has been no hint that he wants to relax the aim of monetary policy. In next week's speech at the Mansion House he will reaffirm the 1 to 4 per cent inflation target set after sterling's exit from the exchange rate mechanism. As Mr Clarke commented: "I have no intention of putting a sponge right across Norman Lamont's economic slate".

But his approach to the public borrowing requirement is more opaque. He said several things this week.

Still on an even keel

Barry Riley on the City's reaction to the new chancellor

A minor flurry of speculation over interest rates has subsided. For all the confusion over the policies of the new chancellor, Kenneth Clarke, who at times this week has seemed on the brink of a dangerous policy of dashing for growth, long-dashed gilt-edged yields have been edging lower, perhaps implying growing confidence on the part of investors.

Alternatively, UK government bonds may simply have been moving in line with a firmer trend across Europe, and ignoring local upsets. "People aren't sure whether this week's events matter. The UK government has long been perceived as being quite weak," says Michael Saunders of Salomon Bros.

are worried that the emphasis will be on public spending cuts rather than tax increases," he says. In the meantime, however, "nothing much will change for several months". The City expects a quiet period while Clarke masters his brief. So although he is about to make a big speech at the Lord Mayor's Guildhall dinner on Tuesday, an event at which the chancellor normally discusses the technicalities of funding policy and monetary strategy, tension is low.

"I don't think it is realistic to expect anything very new," says Kevin Adams, UK bond strategist at the leading government bond house, Barclays de Zoete Wedd.

Despite all the initial speculation that Clarke might overthrow the discredited Treasury advisers and strike out afresh, beginning with cuts in short-term interest rates, the markets have quickly come to a more conservative judgment. Since Clarke was appointed on May 27, short-term sterling interest rates have tracked sideways and, although the sterling exchange rate index initially eased a little, this week it has been rallying.

Demand for sterling bonds has also picked up. "Gilt has ignored everything this week," comments Robert Thomas, head of research at NatWest Capital Markets. "The government is pretty well bemused

The first was that the deficit must be reduced if recovery was to be sustained. The second, that in sticking to the Treasury's spending targets, he had no interest in dismantling the welfare state - suggestions of hotel charges in hospitals and prescription charges for the elderly were given short shrift. The third was that his political instincts did not incline him - as some reports had suggested - towards increasing income tax in his November budget.

On one level he was simply recognising political realities. The more draconian proposals thrown up by the Treasury's review of welfare spending would never muster a majority in the House of Commons. Why not discount them now? Nor in the present state of the Tory party is it sensible to start talking even about the possibility of raising income tax.

But observers both inside and outside of government were left wondering how, if spending was not to be cut and taxes raised no further, Mr Clarke planned to square the circle. (One of the striking things about the new chancellor is that he tends to say the same things in public as in private.)

There was one clue to his thinking. In his references to the cause of the deficit Mr Clarke suggested that the causes were "mostly" cyclical. The implication is that a resumption of growth will solve most of the problem. Restraining increases in public spending below the rate of growth of the economy - and the delayed tax increases, already announced by Mr Lamont could deal with the remainder over time.

It is a plausible strategy, but one fraught with risk. Nobody in the Treasury is sure just how much of the deficit can be attributed to the recession. No one can confidently predict the lags between the economic upswing and a commensurate adjustment in revenues and expenditure.

It may be that the uncertainties will demand a political as much as an economic judgment. All the choices - cutting rather than containing spending, raising taxes, and waiting for economic recovery - pose a formidable test of nerve. A mistake might well be fatal.

In two weeks at the Treasury Mr Clarke has exhibited effortlessly all of the political skills his predecessor lacked. He is confident, combative. He might yet spend as short a period in his present office as did Mr Major. But the politician at the Treasury will soon have to follow words with actions. It takes more than an empathy with the real world of the industrial Midlands to run the economy.

in. It's less likely now that we will have an interest rate cut."

Investors elsewhere in Europe are now being attracted into sterling bonds by high interest rate differentials. Not only are they buying gilts, but some hefty corporate bond issues, including £250m from British Gas and £150m from Marks and Spencer, have been moved up within the past few days.

"The Germans are becoming quite enthusiastic about gilts," notes Stephen Lewis of London Bond Broking. The markets, he says, have been comforted by the warnings of Eddie George, who becomes governor of the Bank of England next month, that interest rates should not be cut at present.

Mr Lewis comments that the City was not sorry to see Lamont go. Clarke, as he juggles growth rates against interest rates and fiscal deficits, is for now in a position to be "all things to all men".

MAN IN THE NEWS: Richard Riordan

White mayor's burdens

Richard Riordan, the financier and property developer elected mayor of Los Angeles this week, has been described as "LA's version of Ross Perot". A multi-millionaire who has never held public office, Riordan spent \$8m of his personal funds to sell himself to LA voters. Like Perot, Riordan won votes by promising to apply his business skills to create jobs and improve the economy. Unlike Perot, however, Riordan must now move beyond criticising the political establishment and demonstrate his ability to use his office, rather than his money, to influence events in the second-largest US city.

His personal wealth of about \$100m has been derived from investment banking and property after he was left \$80,000 by his father, a New York Irish immigrant who became a department store president. Riordan was the youngest of eight children, and graduated from Princeton with a degree in philosophy and Michigan with a law degree. He moved to LA in 1984 to work for a law firm.

By 1984 Riordan had formed an investment banking firm with two partners, and was on the board of Mattel, the toy maker, which faced insolvency when the video game market crashed. He was a leader of a group of investors which bailed out the company in a \$200m-plus buy-out. About 800 Mattel workers in southern California lost their jobs when their factory closed. Riordan netted an estimated profit of at least \$20m.

The problems he faces as mayor could dwarf his former business challenges. Next month, he will take over the leadership of a city still scarred by last year's riots, bristling with racial tensions and struggling to boost its



flagging economy. Riordan's first priority must be to repair the damage of a bitter and divisive election campaign.

Although he won 58 per cent of the votes cast in Tuesday's election, his supporters were predominantly white, suburban and affluent. He won 67 per cent of the white vote, but only 14 per cent of the black vote, according to a poll by the Los Angeles Times. Among Asian-Americans, 31 per cent chose Riordan; and 43 per cent of Hispanics voted for him.

Former business associates disagree that Riordan played on the fears of white voters, accentuating racial tensions. "I've known Dick for 20 years, and he is conservative on some issues but a social liberal on others. He will represent all the people of Los Angeles," said Ray Remy, president of the Los Angeles Area Chamber of Commerce.

Riordan pledged on Wednesday to "unite Los Angeles", but minority groups remain sceptical. "I'm not particularly optimistic," said Dolly Gee, co-chairman of Asian Pacific Americans for a New LA, a coalition of Asian community groups. "Other than his recent attempts to appeal to community groups, he does not have much of a track record on being involved in the poorer sections of the community."

While acknowledging Riordan's philanthropy, Ms Gee said: "Giving money to charitable groups is not synonymous with having an understanding of the problems." The mayor-elect "lacks hands-on experience in trying to unite the divergent interests of different segments of the community".

However, Riordan has tried to dispel concerns that Los Angeles will be governed by a "group of white men in suits". "My administration

Riordan met California governor Pete Wilson, a fellow Republican. LA's business community can be relied on to rally round the mayor-elect. "We support his efforts to retain jobs, not raise business taxes, and increase the number of police officers on the street," said Mr Remy.

Yet even Riordan's supporters question whether his business skills can solve LA's problems. Mr Remy notes: "It is one thing to negotiate to buy a building or a parcel of land and quite another to deal with the intricacies of city, state and federal politics. That can be very frustrating."

Nor does the business community wholeheartedly support one of the main planks of Riordan's election campaign - a plan to privatise such city services as rubbish collection and to lease the Los Angeles International airport to private operators to raise funds to pay for 3,000 extra police officers.

It already appears that Riordan may have to find other ways to fulfil his campaign promise to expand the police force, thus reducing crime and attracting business. Raising taxes might not be the answer, as this could alienate important Republican supporters.

The question is whether Riordan, the businessman, can become Mayor Riordan, the political consensus builder. "Dick has not been outside the political process. He has been a close observer through his many dealings with the city," says Mr Remy.

Indeed some regard him as the "consummate insider". "He is a political power broker who has exerted his influence through political contributions," says Ms Gee. As mayor, Riordan will have a forum but few funds. His immediate problem will be to attract state and federal money to resolve the city's looming \$500m budget deficit. He will be judged, however, on his ability to win the support of those who either didn't vote for him, or didn't vote at all.

Louise Kehoe



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Hog wild in Milwaukee

Bikers are celebrating more than a 90th birthday at Harley-Davidson, says Martin Dickson

It will be Hog Heaven. About 60,000 leather-clad motorcyclists will rumble into the US city of Milwaukee today to celebrate one of the greatest icons of American popular culture - the Harley-Davidson motor cycle.

It is 90 years since the first Harley was assembled in the Davidson family's Milwaukee backyard, and to mark the occasion, convoys of bikers have spent the past week riding their Harleys - which enthusiasts call "hogs" - to the city from every corner of North America.

Today they will party. By the shore of Lake Michigan they will eat, drink and rock to the sounds of ZZ Top, a band whose members ride customised Harleys known as Hog-sillas.

Some of the aficionados will get married, taking their vows in a riot of gleaming chrome and buffed leather on the front steps of that holy of holies, the red brick Harley-Davidson headquarters building. The brides, naturally, will wear black.

But this is much more than a birthday party. It will also celebrate the revival of a company which 10 years ago seemed to be at death's door, another example of an industry killed by competition from Japan.

Instead, Harley has beaten back rivals such as Honda, Kawasaki and Suzuki, and its share of the US market for big bikes (over 850ccs) has risen to about 60 per cent from a nadir of 23 per cent in 1983, even though the overall market has dropped substantially during the decade.

Harley is starting to focus more on international sales, where it sees big growth potential, since it has only 10 to 15 per cent of the market outside America.

However, its machines are so popular in the US - despite often having a much higher price tag than Japanese rivals - that the company

cannot keep pace with demand, even though it has more than doubled annual output over the past six years to about 80,000 cycles. The bikes have to be painstakingly rationed out among dealers, with only 30 per cent reserved for the export market.

The turnaround is a case study in how western companies can take on the Japanese and win, helped by a degree of protectionism, attention to quality, employee involvement and, in Harley's case, clever marketing.

For the company is selling far more than a humble means of transport. It is marketing a lifestyle - what executives refer to as "the Harley experience".

This blends images of macho, rebellious US individuality and personal freedom - a Harley rider alone on the open road, somewhere in the vastness of America - with down-to-earth group social events organised by the company.

The Harley motto - "Live to ride, ride to live" - has an irresistible appeal to many people trapped in humdrum jobs. Ageing baby boomers find solace in the suggestion that a Harley engine contains the elixir of youth. "A Harley-Davidson is ageless and timeless," runs one advertisement. "On it, you cannot grow old."

All this has helped the company broaden the appeal of its products beyond the industry's traditional young, male, blue-collar customers to professionals, the middle-aged, and women.

The average US owner, according to the company's market research, is 38, married, with a household income of \$43,000 a year. Some 20 per cent of buyers are women. Har-



ley maintains that Hell's Angels, one of the company's most visible customer groups, make up only 1 per cent of the total.

None of this recent marketing success would have been possible without the particular mystique which has long surrounded Harley, making it seem the serious biker's bike. This is partly to do with Harley's styling - raw, yet glamorous - and partly with its V-twin engine, which gives out a distinctive thump likened by some to the beat of the heart.

The image has been powerfully reinforced by Hollywood. Peter Fonda rode a modified Harley in the classic 1960s road movie, Easy

Rider. Arnold Schwarzenegger mounted a Harley Fat Boy in Terminator II: Judgement Day.

Still, the brand name was little help at the start of the 1980s, when Harley's market share skidded because of quality problems. Its engines were technologically primitive and tended to leak oil, while an attempt to expand production rapidly meant half the machines coming off its assembly line had missing parts.

In 1983, the loss-making business was sold by the then owner, the conglomerate AMF, to its management, and many observers predicted early bankruptcy.

However, the new team radically

changed the way it made bikes, imitating Japanese methods of quality control. Says Mr Jeffrey Bleustein, who heads the motorcycle operations: "It took us a while before we realised that the Japanese were just better managers than we were."

Harley also developed a more sophisticated engine, got government help (in the form of tariffs on Japanese imports, lifted in 1987) and, in 1988, eased its heavy debt burden with a public flotation.

Despite the surge in demand for its products, the company has been careful to expand production gradually. Stung by poor quality once, it

does not want a repeat performance.

Unlike many consumer product companies, Harley concentrates most of its marketing expenditure on customers after they have bought its machines. The idea is to hook them for life on "the Harley experience", buying more and more expensive bikes when they trade their old ones in. The price range runs from around \$4,900 (\$2,100) to more than \$16,000.

Central to this was the formation of the Harley Owners' Group - Hog for short - a club restricted to Harley buyers, which organises rallies and charity fund-raisers.

It not only promotes a sense of exclusivity and purpose among owners, but also gives the company valuable feedback on fashion trends among bikers, who like to customise their machines with individual flourishes.

"The motorcycles are the canvas, the parts and accessories are the paint; that's where everyone can express their individuality," says Mr Jerry Wilke, marketing chief.

A central figure at the rallies is Harley's head of design, Mr William Davidson, known as "Willie G", a grandson of one of the company's founders. He has been responsible for many of the company's most important model innovations, such as the 1971 Super Glide with its extended front forks, and the 1977 Low Rider, with its seat close to the ground.

Many bikers think he embodies the soul of the company. With his thick beard, dark glasses and fringed leather jacket he looks the part. Fans often ask him to carve his name with a screwdriver in the metal of their machines.

However, Harley's top executives are all keen bikers and are leading each of the 90th anniversary convoys across country towards Milwaukee, raising money for charity as they go. It is hard to get closer to the customer than that.

Another important marketing initiative has been to encourage Harley dealers to transform their outlets from grimy workshops into attractive retail outlets, selling not only bikes but a broad range of Harley brand accessories, clothes and mementos, made by or licensed from the company. Women can buy black Harley bathing suits, with the company name studded across the front.

All this has transformed Harley's profits. It made \$63.8m last year on turnover of \$1.1bn. Debt on the balance sheet is now negligible. Next month it will mark a milestone on its return to financial health by paying its first dividend since flotation.

The recent record, however, is not flawless. The company also owns Recreational Vehicles - caravan-like trucks in which Americans cruise around the continent. Holiday Rambler makes little money (it lost \$13m in 1991) and Wall Street would like Harley to sell the business.

Industry observers are also a little edgy about the company's plan to expand motorcycle production by 25 per cent by 1996 to 100,000 a year. Harley insists that it will do so in a way which retains the quality of its bikes and service, but the analysts note that it suffered hiccupa recently with a new paint plant.

Some also ask whether Harley's popularity, as well as a small uptick in the US motorbike market in the past two years, could be a fad.

But Mr Richard Teerlink, the chief executive, although concerned about the company growing arrogant, says confidently: "This is a fad that has been going on for a long time - 90 years."

Tyrannosaurus resurrectus

Clive Cookson and Alison Henwood on fossil futures

Steven Spielberg describes his latest blockbuster film Jurassic Park, which opened in the US last night, as "not science fiction but science eventuality". The Hollywood publicity machine has made sure that most Americans already know its plot: scientists use genetic engineering to create a theme park with real dinosaurs which then run amok.

This week - with a sense of timing that the best Hollywood hype merchant could not have matched - the venerable British research journal Nature published evidence suggesting that the movie is slightly less far-fetched than it may sound. A Californian research group including Dr George Poinar, a scientific adviser to Jurassic Park, has extracted the first samples of genetic material (DNA) from the dinosaur era.

Admittedly, the 120m-year-old DNA came from an extinct weevil rather than a dinosaur. And the Californian scientists isolated just fragments of two genes rather than the 100,000 or so complete genes that would provide full instructions for anyone wanting to recreate the insect.

But they have demonstrated two propositions that would have seemed wildly speculative less than 10 years ago. First, the DNA molecule is robust enough to survive for millions of years under the right conditions. Second, scientists can fish out microscopic quantities of DNA and then make billions of copies for analysis (using gene-amplifying technology called polymerase chain reaction).

The link between Jurassic Park and the Poinar group's real-life discovery is amber, fossilised tree resin which has unusual sealing and antiseptic properties. It is a honey-coloured time capsule, transporting trapped insects virtually intact from prehistoric forest to laboratory bench.

The Californian scientists worked on a tree-feeding weevil preserved in amber from Jazmine, Lebanon. Michael Crichton, who wrote the novel,



Jurassic hives: the head of a 40m-year-old stingless bee preserved in amber from the Dominican Republic

Jurassic Park, imagined extracting DNA from blood in the gut of a mosquito that had fed on a dinosaur just before it was trapped in the resin.

Unfortunately for the story, the vast majority of insects in amber are species that live or feed on trees, such as weevils, termites, ants and bees. Only a handful of specimens of blood-sucking insects are known from the dinosaur era (older than 65m years), and scientists will be fantastically lucky if they contain dinosaur DNA that had not been broken down by digestive juices.

The greatest possible piece of luck would be to find a recently hatched baby dinosaur in amber - extremely unlikely but not out of the question. After all, lizards and frogs have been preserved in 40m-year-old amber from the Dominican Republic.

However, amber is not the only potential source of dinosaur DNA. In exceptional cases, the molecules may be robust enough to survive inside dinosaur fossils. Profes-

sor Jack Horner of Montana State University is attempting to find genetic material in bones of the ferocious Tyrannosaurus rex, which have been preserved in extremely dry sandstone beds.

Even if scientists do manage to extract dinosaur DNA from any source, it is hard to see how this could include the whole genome - the blueprint that would be the first requirement for resurrecting dinosaurs.

For the foreseeable future, any mad billionaire who really wants to create a Jurassic Park would do better to forget genes and build on the technique Mr Spielberg used for his movie: computer-controlled robotic dinosaurs. Over the next decade or two, artificial intelligence and bio-materials engineering will advance to the point at which it would be possible to create a lifelike Tyrannosaurus rex that behaved with terrifying unpredictability.

For the palaeogeneticist studying ancient DNA, the

Charles Leadbeater on the current fashion for frugality in Japan

Big spenders bite the dust

Price-cutting is the latest craze to sweep Tokyo, a city of fads and fashions. The Japanese capital, where oranges often cost more than £1 each and a plot of land for a small house will cost at least ¥20m (£123,000), has long been one of the most expensive places in the world. But, temporarily at least, it is becoming a shopper's paradise.

In a land that adores foreign brand names, from Louis Vuitton and Chanel, to BMW and Dr Marten shoes, consumers are turning away from the designer goods popular during the late 1980s, when the economy was booming. Instead, they are going back to basics, influenced by old-fashioned notions like value for money which suit their straitened circumstances.

Take as an example the elegant avenue of Omote Sando, one of Tokyo's most fashionable shopping areas, home to the main retail outlets for leading Japanese clothes designers such as Issey Miyake and Comme des Garçons.

In the past year these shops have become ever more like modern art galleries, frequented by a tiny group of dedicated collectors. The sales staff usually outnumber the customers by a factor of two.

In a nearby shop owned by Yohji Yamamoto, another leading designer, a shop assistant said: "We have just closed our shop in London because we weren't selling anything, but frankly we aren't selling anything here either."

The subdued atmosphere of Omote Sando is a far cry from the scene at the main outlet of what has become the hottest property in Japanese clothes retailing: Aoyama. Its shop off Tokyo's main shopping street, the increasingly tawdry Ginza, is usually crowded with hungry consumers. The reason: discounts of up to 90 per cent on suits made in China, which



are selling for as little as ¥2,500 (£16), the price of a pair of socks at Comme des Garçons.

Aoyama, whose discounts have been lauded by government ministers and senior bureaucrats, is the boldest price setter in a price-cutting war. Economists say discounting has become so widespread that the official measure of inflation - which is based on official list prices - is inaccurate. It shows inflation running at about 1.6 per cent a year. Once discounting is taken into account, prices could be falling by about 3 per cent a year, according to Mr Jesper Koll, economist at S G Warburg, the securities house.

Prices are not being cut across the board. A round-trip ticket for the three-hour bullet train journey between Tokyo and Kyoto costs about ¥28,000, the price of a cheap return flight to Seoul, the South Korean capital.

But washing machines, for example, are selling on average for 30 per cent less than their average list price of ¥210,000. Toyota Corollas are being offered at a discount of at least 15 per cent. And a Toyota dealer admitted: "We can start

negotiating after that."

The recent strength of the yen, which has risen from about ¥125 to the dollar at the turn of the year to about ¥106, has exacerbated the price pressure on some industries by making imports cheaper. Compaq and Dell, the US personal computer makers, took advantage of the yen's strength and their cheap manufacturing bases in south-east Asia to launch an assault on the Japanese personal computer market. Their machines are half the price of comparable Japanese-made models.

However, price-cutting has failed to reignite consumer spending. Consumer expenditure rose by 0.9 per cent last year, down from 5.1 per cent in 1988. The central bank's quarterly report on the economy, published yesterday, said consumer spending was still sluggish. This is owing to a complex mix of factors.

The prolonged downturn in Japanese stock and land prices has eaten into household wealth. In response, households have increased their savings - from 13.5 per cent of household income in 1990 to about 15.25 per cent this year - to rebuild their balance sheets.

These savings have come from incomes which are growing more slowly, by 3.2 per cent last year compared with 8.3 per cent in 1990. Consumer caution has been reinforced by job cuts at Japanese companies.

In the next year consumer spending may start to recover. A rise in share prices, and signs that the fall in land prices is bottoming out, are making people feel wealthier, and so more willing to stop saving. Yet even if there is a revival in spending, it will be modest and differ markedly from the late 1980s boom.

This is for two main reasons. First, some industries, particularly consumer electronics, may be facing a more prolonged fall in demand. The Japanese market for video records, camcorders and audio equipment is saturated. The main manufacturers, Sony and Matsushita, have failed to come up with new products to revive demand. In Tokyo's Akihabara district, home to most of its electronics shops, compact disc players are selling at discounts of up to 34 per cent.

The second factor is cultural. A shift in values is under way in the wake of the speculation and conspicuous consumption of the late 1980s. Consumer goods manufacturers say people want simpler, more functional products, with the stress on utility rather than design. Department stores such as Tokai are shifting staff from their deserted jewellery and fine art counters into departments which sell their own-brand goods, with the stress on value for money. A recent sales campaign by Isetan, one of the most fashionable department stores among young people, summed up the mood with the slogan: Back to Basics.

Indeed, one of the most successful products of the past few months is a book that captures the mood of the times, the best-selling novel The Noble Philosophy of Poverty.

Suppliers offer as much real value as customers

From Mr Richard Greensted.

Sir, Although Messrs Furnham and Pendleton (Management: "Seduced by the customer cult", June 7) make some intelligent remarks about the customer cult, they appear to have forgotten one important company stakeholder, the supplier. Suppliers invest considerable resources in the continuing good fortune of their clients, but are rarely treated as key contributors to a com-

pany's success. Exceptions such as British Airways, Marks and Spencer and the Royal Bank of Scotland are as scarce as they are enlightened.

Suppliers treated as stakeholders will quickly become partners and will add real value to a company's bottom line.

Richard Greensted, Richard Greensted Associates, 9 Burghley Avenue, New Malden, Surrey KT3 4SW

Costly way to cash a cheque

From Mr E G Lester.

Sir, I refer to your article "Plan ahead for Holiday Cash" (June 5/6). Your writer lays insufficient emphasis on the charges that may be levied on cashing travellers' cheques.

I have very recently returned from Portugal. The banks in Lagos charge £2,100 (£9.00) on any travellers' cheque regardless of value. This, according to them, is a government instruction. It means, therefore, on a £20.00 cheque you get

£17.90 if it is the one cheque. This does not apply to those with local accounts.

I have expressed a reply from American Express indicating that its own branches do not charge. Unfortunately the nearest Amex branch to Lagos is some 20 miles away.

Tourists to Portugal should beware. E G Lester, Mogmogias, Hamm Court, Weybridge, Surrey KT13 5TB

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Level playing field for all types of investors

From Mr J R Anderson.

Sir, The desirability of a level playing field for all classes of investor is raised again by the fall of 17p (4 per cent) in the share price of English China Clays on Wednesday.

In Thursday's financial press this was ascribed to the effect of a presentation by the company to 50 fund managers on Tuesday night and it is reason-

able to assume that the fall was triggered by action taken as a consequence of what they were told.

Then yesterday came the announcement by ECC of a rights issue, a proposed acquisition in the US and a demerger of its construction materials business.

Now, ECC may feel that it did its best to make whatever

information it imparted on Tuesday available to a representative audience. However, it was not generally available to the private investor until 24 hours later, by which time the bird had flown the coop.

Is there not, please, a clear case for the stock exchange committee to rule that those privy to such briefings should be debarred from acting on

them until the information has been published in the press? Indeed, this incident reinforces the stock exchange's own view that information given at such briefings should be simultaneously channelled through the exchange.

J R Anderson, 4 Vardon Drive, Wilmston, Cheshire SK9 2AQ

Even the rich are not entirely insulated from human reality

From Mr Stephen Schick.

Sir, The desirability of a level playing field for all classes of investor is raised again by the fall of 17p (4 per cent) in the share price of English China Clays on Wednesday. In Thursday's financial press this was ascribed to the effect of a presentation by the company to 50 fund managers on Tuesday night and it is reason-

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J R Anderson, 4 Vardon Drive, Wilmston, Cheshire SK9 2AQ

Pernicious prescription

From Mr S Dickinson.

Sir, Richard Layard (Personal View, June 8) provides a classic example of what happens to economists in a depression: they become apologists for, not analysts of, failure, and the purveyors of pernicious prescriptions. EC unemployment has averaged 9 per cent in the past five years and is now back to the double digits; job security in the US and Japan is also a thing of the past. This indicates general stagnation, not a short-term aberration or the failings of a few unfortunate in society.

Layard, in explaining unemployment, emphasises workers' attributes (skills and price), rather than dismal returns on investment and the concomi-

tant failure to invest in future production. The cure for unemployment is sought among its victims, not at the level of the economy as a whole. Unemployment, for Layard, is a matter of benefits, training and wages. The cure? Cut benefits, increase training and control wages. No matter how this is dressed up it is an argument of the "they're too stupid, too greedy and too lazy" variety, which leads nicely into the "they need whipping into shape" argument. Such prejudice and support for authoritarian action by the state makes one nostalgic for the "get on your bike" idea.

S Dickinson, 51 Woodside Avenue, Leeds LS4 2JX

True owners wear bowler hats

From D K Wilmot.

Sir, I refer to Barry Riley's article, "When brass is greener" (June 8). In the main the investing institutions are not owned by proprietors but in their turn are run by managers.

Perhaps we can encourage

full transparency and accountability in those organisations. Then the true owners of capital may permit their appointed managers to wear bowler hats. D K Wilmot, 8 Mountbatten, Northwood, Middlesex HA6 3NZ

INTERNATIONAL COMPANIES AND FINANCE

Debt crisis at Ferruzzi deepens

By Haig Simonian in Milan

FERRUZZI, the embattled agro-industrial and chemicals group, has failed to meet payments on some of its financial commitments since the end of last month. The failure indicates the depth of the crisis facing Italy's second biggest private-sector company.

The news, contained in a letter from the company to its five main bank creditors, triggered a collapse of almost 6 per cent, to 1,760.1, in the shares of the Ferruzzi Finanziaria (Ferfin) holding company yesterday. Investors have given vent to growing fears about the group's ability to remain afloat in its present form.

The falls came as a key ministerial committee in Rome met for a second day to discuss recent proposals by the Bank of Italy to allow commercial banks to take equity stakes in industrial companies. Approving the measure is vital for a widely canvassed, but still unofficial, plan for creditor banks to swap Ferfin debt for equity to go ahead.

The surprising disclosure



Arturo Ferruzzi: family ready to freeze equity holding

about Ferfin's liquidity problems came in a letter, leaked to the Sole 24 Ore business newspaper, from the company to the creditor committee.

Among other things, the letter reveals that Serafino Ferruzzi, the ultimate holding company and wholly-owned by members of the Ferruzzi fam-

ily, headed by Mr Arturo Ferruzzi, had debts of about L1,000bn (\$684.5bn) at the end of last year.

In a sign of the gravity of the situation, the Ferruzzi, who control about 48 per cent of Ferfin, state their readiness to put up their Ferfin shares as collateral to the banks. The Ferruzzi also declare their readiness to step back from group management and to freeze their equity holdings, as well as to open Serafino Ferruzzi to outside shareholders if necessary.

A separate letter from Ferfin to the creditor banks confirms the listed company's readiness to hand over control to the bank creditors. The letter says all the group's board of directors were ready to stand down in favour of bank-appointed alternatives, as is senior management.

Ferfin's letter says it will freeze all strategic decisions, such as acquisitions, subject to approval from the banks. It also invites the five banks to bring in other institutions, particularly foreigners, into the creditors' committee.

"Our company believes the

present situation, which cannot be tackled using internal resources, requires an urgent restructuring of the whole group, including the injection of fresh cash. The controlling shareholders of our company are not able to supply the financial resources necessary to put such a programme into effect."

Ferfin, which has grown ambitiously since the mid-1980s, last month announced record losses of L1,519bn and net debts of L15,123bn. Total group borrowings approach L31,000bn.

Montedison, the main industrial operating subsidiary, lost L1,244bn in 1992. Shares in Montedison largely resisted the downward trend yesterday, with a fall of 0.5 per cent to 1,975. However, the equity collapsed in after-hours trading, with a fall to a low of 1,880 before recovering slightly.

The drop was matched by a precipitous fall in the price of Montedison's non-voting savings stock, which closed 2.5 per cent down on the day at 1,505 before falling further to 1,452 in after-hours trading.

Japanese securities houses cut spending

By Robert Thomson in Tokyo

JAPAN'S profit-starved securities houses plan to cut their capital spending by 65.1 per cent this year, according to a survey of financial institutions released yesterday by the Bank of Japan.

The country's banks, burdened by bad loans and attempting to cut costs, plan to reduce spending on items such as computers and branch facilities by 17.3 per cent in the year to March, following a 6.2 per cent fall last year.

Response to the survey suggests trading conditions are unlikely to improve in the second half. On average, capital spending will rise 2.5 per cent in the first half, compared to a year earlier, but fall 17.8 per cent in the second half.

Nomura Securities was the only leading Japanese broker to report a net profit last year, reflecting the pressure created by the collapse of stock prices and trading volumes. Although the market has strengthened in recent months, there are lingering concerns that prices and volumes will fall again.

Most brokers have announced reductions in their staff intake and delayed investment in new computer equipment and the renovation of offices. The sharp reductions in spending, which fell 46 per cent last year, are partly a reaction to the excessive expansion during the four years to 1990, when securities industry personnel increased by 41.6 per cent.

The spending cuts have hurt the country's electronics companies, which would expect to get most of the contracts.

S&P raises rating of Chase Manhattan debt

STANDARD & Poor's, the credit information agency, yesterday raised its rating on Chase Manhattan following the New York banking group's sale of \$450m of new shares, writes Martin Dickson.

S&P raised the rating on Chase's senior debt from triple-B-plus to single-A-minus. Two other agencies, Fitch and Duff & Phelps, also raised their ratings on the bank.

Chase announced on Thursday that its offering of 22m shares, first announced in April, had been priced at \$29.50 a share. That was substantially below the \$750m the bank hoped to raise in April.

NY Times buys stronger voice in US north-east

The Boston Globe's disposal ends 100 years of family control and further concentrates newspaper ownership, writes Damian Fraser

THE owners of the New York Times Company have agreed to sell out for \$1.1bn. The sale ends more than 100 years of family control of the newspaper.

The takeover turns the New York Times Company into the fifth largest newspaper chain in the US, with combined daily circulation of its titles climbing to 2.5m. It becomes the dominant voice in the north-east of the US, with dozens of papers stretching from Maine to Washington. It also makes it the owner of the two largest newspapers in New York and New England.

The purchase also adds to the growing concentration of the US newspaper industry, as independents pass into the hands of the large chains.

The US's five largest newspaper companies - Gannett, Knight-Ridder, Newhouse, Times Mirror and now the New York Times - have combined daily sales of over 18m copies. While the Times heralded the purchase as an "outstanding strategic fit", it further exposes the company to stagnating print journalism, and the struggling north-eastern economy. Analysts expressed surprise at how much the Times is paying, with the \$1.1bn price tag valuing the Globe at more than 36 times last year's profits, and 24 times revenues.

"The net sum investing this amount of money in an industry as mature as the newspaper is the best use of cash," says Mr Lanny Baker, a media analyst at Morgan Stanley in New York. "They are paying at the top end of the range. But it depends on what they make of the paper after they have bought it."

Mr Arthur Ochs Sulzberger,

publisher of the New York Times, defended the merger against critics of the deal, telling his own newspaper: "I think it's going to be a very, very long time before newspapers disappear." He said he was not just buying a newspaper, but an organisation that gathered news, and that would be ready for the electronic age.

The Times will likely offer joint advertising sales with the Globe. The merger, said Mr Sulzberger, "provides the opportunity for a new and exciting way of selling national and retail advertising to clients targeting the entire north-east market - an opportunity that could not be duplicated by any combination of newspapers or other media."

In Boston, many expressed sadness that the Globe, which has been controlled by the Taylor and Jordan families since 1873, was being swallowed by a chain, albeit the sober New York Times.

The Globe, a self-styled "serious" newspaper, follows an independent, liberal editorial line, and for some readers is almost as part of Boston identity as the Red Sox baseball team.

The Globe sold out in the end because, of all the suitors, the Times appeared most likely

to preserve its independence. "If there is going to be a partnership, the Times is sure a classy act to hop into bed with," said Mr Thomas Winslow, former editor of the Boston Globe. "It bodes well for the future of New England, that desperately needs a feisty, caring newspaper."

In 1994, family trusts owned by Jordans and Taylors expire, making the Globe's parent company, Affiliated Publications, vulnerable to a hostile takeover. With some 100 heirs apparently eager to cash in on the family inheritance, the Taylors dared not wait.

The Times has agreed to pay an equivalent of \$15 a share for Affiliated, a 21 per cent premium over Affiliated's stock price on May 23, when rumours of the merger circulated. The Times will offer its own stock, but owners of Affiliated "A" shares can take up to 15 per cent of their shares in cash.

The Globe has a week-day circulation of 504,889, making it the US's 18th largest newspaper, and far larger than its nearest local rival, the Boston Herald, owned by Rupert Murdoch's News America Publishing Company.

The New York Times has a daily circulation of 1.1m, while its parent company owns 31 regional newspapers, 20 magazines and 5 television companies.

The takeover gives the New York Times Company 60 per cent of the seats on The Boston Globe board. However, the Globe is being promised full management and editorial autonomy, partly allaying fears in a city notoriously sensitive to being in New York's shadow that the takeover would lead to too much outside interference.

Telegraph lifts Fairfax holding to near 25%

LONDON-BASED newspaper publisher The Telegraph has raised its stake in John Fairfax Holdings, Australia's largest quality newspaper publisher. The group now holds close to a permitted limit of 25 per cent, Reuters reports from London.

The group, controlled by Mr Conrad Black, said since May 17 it had bought more than 22m Fairfax shares, raising its stake from 13.3 to 18.3 per cent at a cost of \$22.7m (\$35m).

The Telegraph also holds options and convertible notes which, on conversion, would increase its stake to around 24 per cent.

Lex, Page 26

US hospital groups in \$3bn merger

By Martin Dickson in New York

SHARES in Galen Health Care, a large operator of private US hospitals, rose sharply yesterday following the announcement of a \$3.2bn share-exchange merger with Columbia Hospital Corporation. The deal will create America's largest for-profit hospital chain.

The new company, to be called Columbia Healthcare Corporation, will operate 99 hospitals and have annual revenues of over \$500.

Wall Street warmly welcomed the deal, which was announced after the market closed on Thursday. It involves Galen investors receiving 0.75 shares in the much smaller Columbia for each of the 160m shares of Galen outstanding.

Stock in Columbia rose yesterday morning on the Nasdaq over-the-counter market to \$36.4, at lunchtime, up 3%, while Galen rose 4% to \$18.7. Columbia, with 26 hospitals in the southern US, is a fast growing chain which acquires groups of hospitals in a particular geographical area and then consolidates them to lower costs and boost occupancy rates.

Galen, which is about three times Columbia's size, was spun off earlier this year from Humana, a hospital and health insurance company.

SAS cleared to negotiate four-way European link-up

By Hugh Cornegy in Stockholm

SCANDINAVIAN Airlines System was given the go-ahead yesterday by its Danish, Norwegian and Swedish owners to negotiate an ambitious alliance with KLM Royal Dutch Airlines, Swissair and Austrian Airlines. The link-up is aimed at establishing a fourth force in the European airline market.

Government demands hold up Swissair

SWISSAIR said yesterday a co-operation agreement linking it with KLM Royal Dutch Airlines, Scandinavian Airlines System (SAS) and Austrian Airlines could not be signed until September at the earliest, writes Ian Rodger in Zurich.

The four were hoping to agree terms by the end of this month. In the longer term, a full merger is envisioned. Swissair insisted the delay did not reflect any disagreement or disaffection among the partners. Rather, there were issues taking longer to resolve than expected.

An important one was satisfying the demand of the Swiss federal government that Swissair put forward alternative plans to ensure its independence. The government holds a 7 per cent stake in the national airline.

Swissair, which has made clear its frustration with the government's order, said it would probably be unable to prepare documentation and fix a meeting with federal officials until after the summer holidays.

Meanwhile, Swissair's supervisory board, on which a senior federal government official sits, said following a meeting this week it agreed with the airline's management that it would be increasingly difficult to "go it alone".

to compete with British Airways, Air France and Germany's Lufthansa. SAS said its board of directors had authorised negotia-

tions after a review of the airlines' outline plan by its parent companies and the three Scandinavian governments.

Under a complex ownership structure, the three governments own 50 per cent of SAS through their respective 50 per cent stakes in the three airline companies which make up 100 per cent of the SAS shareholding. Private shareholders own the remaining 50 per cent of

partners by the end of the summer, despite signs of resistance to the integration plan, particularly in Switzerland. The Swiss government has asked Swissair to produce an alternative strategy for consideration which would preserve its independence.

The four airlines announced in April they intended setting up a jointly-owned company with a single management and balance sheet by next year.

SAS, KLM and Swissair would each own 30 per cent of the new company, and Austrian Airlines 10 per cent.

The plan envisages "a profitable, global airline" with an integrated traffic system based on a multi-hub European network, including Amsterdam, Copenhagen, Geneva, Stockholm, Vienna and Zurich.

Pressure to enter an alliance stems from the need to compete with larger carriers which have the muscle to benefit from greater liberalisation and globalisation of the airline business. These carriers are themselves seeking co-operation agreements and equity investments in other airlines.

However, the question of eventual submergence of the four airlines' present identities into a full merger with a common "brandname" has so far been left open in recognition of potential political objections.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold per troy oz.	\$371.15	-3.45	\$339.65	\$378.75	\$328.05
Silver per troy oz.	\$284.35p	-10.15	\$220.50p	\$299.00p	\$236.00p
Aluminium 99.7% (cash)	\$1158.5	+12	\$1271.0	\$1238.5	\$1108
Copper Grade A (cash)	\$1198.5	-7	\$1225.0	\$1363.5	\$1108.5
Lead (cash)	\$260.5	-4	\$259.75	\$269	\$255.75
Nickel (cash)	\$5550	-177.5	\$5747.5	\$6340	\$5200.0
Zinc 94% (cash)	\$916.5	-33.5	\$1447.5	\$1112	\$916.5
Tin (cash)	\$5175	-92.5	\$5480.0	\$5607.5	\$5037.5
Cocoa Futures (Jul)	\$689	+5	\$545	\$751	\$593
Coffee Futures (Jul)	\$892	+18	\$727	\$895	\$836
Sugar (RDP Raw)	\$287.0	+11.5	\$252.8	\$317.4	\$204.5
Barley Futures (Sep)	\$104.85	+0.35	\$108.15	\$110.30	\$105.30
Wheat Futures (Jun)	\$134.00	+0.15	\$111.30	\$149.45	\$133.95
Cotton Outlook A Index	\$8.50c	-1.55	\$4.30c	\$2.55c	\$4.75c
West (44 Super)	\$57.2	-	\$57.2	\$57.2	\$57.2
Oil (Brent Blend)	\$17.725x	-0.875	\$20.925	\$19.53	\$18.65

Per tonne unless otherwise stated. p=previous, c=cash, f=futures.

London Markets

SPOT MARKETS	Latest prices	Change on week	Year ago	High 1993	Low 1993
Crude oil (per barrel FOBUK)	\$18.52-5.70	-3.25	\$18.52-5.70	\$18.52-5.70	\$18.52-5.70
Diesel	\$18.52-5.70	-3.25	\$18.52-5.70	\$18.52-5.70	\$18.52-5.70
Brent Blend (dtd)	\$18.52-5.70	-3.25	\$18.52-5.70	\$18.52-5.70	\$18.52-5.70
Brent Blend (Jul)	\$18.52-5.70	-3.25	\$18.52-5.70	\$18.52-5.70	\$18.52-5.70
WTI (1 pm est)	\$18.00-5.02x	-3.25	\$18.00-5.02x	\$18.00-5.02x	\$18.00-5.02x

Oil products	Latest prices	Change on week	Year ago	High 1993	Low 1993
HEMIS prompt delivery per tonne CIF	\$202.00-4	-2	\$184-165	-	-
Gas Oil	\$184-165	-4	\$184-165	-	-
Heavy Fuel Oil	\$184-165	-4	\$184-165	-	-
Naphtha	\$174-175	-3	\$174-175	-	-
Petroleum Argus Estimates					

Other	Latest prices	Change on week	Year ago	High 1993	Low 1993
Gold (per troy oz)	\$371.15	-3.45	\$339.65	\$378.75	\$328.05
Silver (per troy oz)	\$284.35p	-10.15	\$220.50p	\$299.00p	\$236.00p
Platinum (per troy oz)	\$936.75	+1.8	\$936.75	\$936.75	\$936.75
Palladium (per troy oz)	\$127.00	-0.7	\$127.00	\$127.00	\$127.00

Copper (US Producer)	88.50	
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	13.13r	+0
Tin (New York)	239.5c	-1
Zinc (US Prime Western)	62.0c	

Cattle (five weight)	143.20p	+0
Sheep (five weight)	143.20p	+0

Cattle (live weight)	Latest prices	Change on week	Year ago	High 1993	Low 1993
Sheep (live weight)	\$111.85p	-14.37	\$111.85p	\$111.85p	\$111.85p
Pigs (live weight)	\$55.50p	-3.34	\$55.50p	\$55.50p	\$55.50p
London daily sugar (raw)	\$287.0	+11.5	\$252.8	\$317.4	\$204.5
London daily sugar (white)	\$285.5	-4.7	\$285.5	\$285.5	\$285.5
Yield and yield export price	\$300.0	+1.5	\$300.0	\$300.0	\$300.0

Barley (English feed)	Latest prices	Change on week	Year ago	High 1993	Low 1993
Wheat (US No. 3 yellow)	\$5.00c	-1.55	\$4.30c	\$2.55c	\$4.75c
Wheat (US Dark Northern)	\$5.00c	-1.55	\$4.30c	\$2.55c	\$4.75c
Rubber (RSS No. 1)	\$1.00	-0.02	\$1.00	\$1.00	\$1.00
Rubber (RSS No. 2)	\$0.95	-0.02	\$0.95	\$0.95	\$0.95
Rubber (RSS No. 3)	\$0.90	-0.02	\$0.90	\$0.90	\$0.90

Cocoa (30 US Producer)	Latest prices	Change on week	Year ago	High 1993	Low 1993
Palm Oil (Malaysian)	\$357.5	-10.15	\$220.50p	\$299.00p	\$236.00p
Copra (Philippines)	\$178.5	-7	\$1225.0	\$1363.5	\$1108.5
Soyabean (US No. 1)	\$5.00c	-1.55	\$4.30c	\$2.55c	\$4.75c
Cotton "A" index	\$8.50c	-1.55	\$4.30c	\$2.55c	\$4.75c
Wheat (US No. 3 yellow)	\$5.00c	-1.55	\$4.30c	\$2.55c	\$4.75c

£ a tonne unless otherwise stated. p=previous, c=cash, f=futures. x=unknown. y=yearly. z=zero. WTI=West Texas Intermediate. Brent Blend=Brent Blend. WTI=West Texas Intermediate. Brent Blend=Brent Blend. WTI=West Texas Intermediate. Brent Blend=Brent Blend.

COGAS - London FOG (5 per tonne)	Latest prices	Change on week	Year ago	High 1993	Low 1993
White	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p
Grey	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p
White 80 (100% Pure White FOG per tonne)	\$1571.75	-10.15	\$1571.75	\$1571.75	\$1571.75
Grey 80 (100% Pure Grey FOG per tonne)	\$1571.75	-10.15	\$1571.75	\$1571.75	\$1571.75

POTATOES - London FOG (5 per tonne)	Latest prices	Change on week	Year ago	High 1993	Low 1993
White	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p
Grey	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p

SOYABEANS - London FOG (5 per tonne)	Latest prices	Change on week	Year ago	High 1993	Low 1993
White	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p
Grey	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p

GRAIN - London FOG (5 per tonne)	Latest prices	Change on week	Year ago	High 1993	Low 1993
White	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p
Grey	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p

WHEAT - London FOG (5 per tonne)	Latest prices	Change on week	Year ago	High 1993	Low 1993
White	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p
Grey	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p

BARLEY - London FOG (5 per tonne)	Latest prices	Change on week	Year ago	High 1993	Low 1993
White	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p
Grey	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p

RYE - London FOG (5 per tonne)	Latest prices	Change on week	Year ago	High 1993	Low 1993
White	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p
Grey	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p

MAIZE - London FOG (5 per tonne)	Latest prices	Change on week	Year ago	High 1993	Low 1993
White	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p
Grey	\$267.70	-10.15	\$220.50p	\$299.00p	\$236.00p

LONDON STOCK EXCHANGE

Equities unable to maintain advance

By Terry Byland,
UK Stock Market Editor

AN UNCERTAIN session in the UK stock market ended on a sour note yesterday when rumours of an impending political scandal checked London's response to the strong opening on Wall Street which had followed good news on US retail sales and producer prices.

Earlier, the stock market rallied from a loss of 10.8 on the FT-SE index, pushed by a firm opening by stock index futures. Later, equities continued to steady as sterling responded favourably to satisfactory UK trade figures for the first quarter of the year, which showed a smaller than expected visible deficit on trade with the EC.

Account Dealing Dates		
First Dealing	Jun 7	Jun 21
Second Dealing	Jun 17	Jul 1
Third Dealing	Jun 17	Jul 1
Fourth Dealing	Jun 17	Jul 1
Annual Dealing	Jun 17	Jul 1
Annual Dealing	Jun 17	Jul 1

But trading volume was moderate and London was still reacting with some caution for the important economic data on the US economy to be announced in Washington.

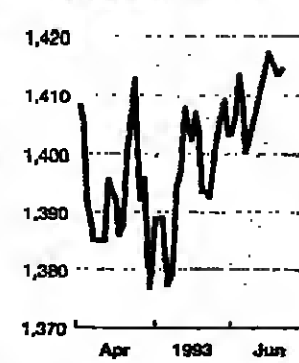
The largely unchanged US producer price index, backed up by a comment from the US Commerce Secretary that increases in US interest rates were now not needed, sent

Wall Street ahead by 11 Dow points in London hours. The Footsie tried to move upwards but failed to hold its best levels.

At the close, the FT-SE index was up 1.8 up at 2,861.8 and traders were asking themselves whether the market had enough strength to test the higher end of its trading range at around 2,880. The FT-SE Mid 250 index eased by 4.8 to 3,202.9. Seag volume fell to 528.8m shares from Thursday's 620.3m, which was worth \$1.85bn in retail worth.

Suggestions that a UK newspaper will next week publish a story of political corruption surfaced early in the stock market trading session and were greeted with some scepticism.

FT-A All-Share index



clim in a market not accustomed to Friday afternoon rumour-mongering.

This week has seen a recovery

of 31.9 points in the Footsie, largely on hopes that the new UK chancellor of the exchequer may sanction a cut in house rates, perhaps on Tuesday when he delivers his Mansion House speech to the City of London. The FT-SE Mid 250 index has advanced to new peaks, closing last night nearly 1 per cent higher on the week.

Government bonds moved narrowly yesterday, cautiously watching sterling's performance. At the close, longer dated bonds were a shade easier while index-linked issues, the market's inflation hedge instruments, edged higher. The UK authorities announced the issue of a further £700m of its 8.75 per cent bond dated 2017.

TRADING VOLUME IN MAJOR STOCKS

Volume	Change	Day's change	Volume	Change	Day's change	Volume	Change	Day's change
ASDA Group	1,000	71	De La Rue	385	182	400	100	100
Admiral	1,000	100	De La Rue	385	182	400	100	100
Admiral	1,000	100	De La Rue	385	182	400	100	100
Admiral	1,000	100	De La Rue	385	182	400	100	100
Admiral	1,000	100	De La Rue	385	182	400	100	100
Admiral	1,000	100	De La Rue	385	182	400	100	100
Admiral	1,000	100	De La Rue	385	182	400	100	100
Admiral	1,000	100	De La Rue	385	182	400	100	100
Admiral	1,000	100	De La Rue	385	182	400	100	100
Admiral	1,000	100	De La Rue	385	182	400	100	100

Insurer sells
Zeneca

WORRIES that Zeneca's £1.3bn rights issue, which closes on June 21, could yet run into more turbulence when the mighty Prudential insurance group revealed it had reduced its stake in the recently demerged bioscience arm of ICI to below 3 per cent.

Marketmakers were poised to shift their quotations as the news spread through the dealing rooms but very little selling pressure in fact ensued.

Zeneca "old" shares, which dipped to 614p before the Prudential news was known, eventually closed a fraction easier at 616p on turnover of 4.5m. The "new" n-paid shares, in which the Pru was said to have carried out most of the selling, eased 2 to 18p, with 6.5m shares changing hands. It later emerged that the Pru had sold less than one per cent of Zeneca stock, or some 5.8m shares.

Mr Hugh Jenkins, chief executive of Prudential Portfolio Managers, said "Some of the investment funds managed by the Prudential have been rebalancing their portfolios in the health and household sector. This has resulted in a reduction of their Zeneca n-paid rights. However the Prudential will be taking up the majority of its rights and is supportive of the issue."

GEC at peak

Recent buying of GEC, the UK's flagship electronics group, gathered momentum

yesterday, driving the share price up to a record 339p. Just before the close of trading there came off the top to end a net 4 1/4 up at 337 1/4. Turnover was a good 6.9m shares.

A hefty buying order, reportedly from a single large US institution, was driving the stock higher yesterday. Electronics specialists said GEC was one of only a handful of top quality UK stocks, mostly among the utilities, offering above-average dividend growth and a strong balance sheet.

GEC is scheduled to announce preliminary results on June 30, and analysts expect profits in the region of £870m, up more than 5 per cent and a 7 per cent increase in the dividend total.

Kingfisher sold

The tide turned against Kingfisher, recently the favourite of the stores sector,

when Strauss Turnbull issued a sell note and fears over a price war in the DIY sector took hold.

The shares finished 7 lower at 489p.

Tesco Ladbroke's DIY subsidiary, is mounting an aggressive price discounting campaign, which is no help to Kingfisher, a major player in the DIY market through its B&Q chain.

Mr Robert Smith, stores analyst at Strauss, also stressed that renewed confidence in Boots, one of Kingfisher's main store rivals, contributed to the downturn in Kingfisher shares. He believed there was a certain amount of overcapacity in stores and that perhaps "Kingfisher has had it its own way for a little too long."

Elsewhere in DIY-related stocks, WDI Smith's fell back 6 to close at 430 and J.Sainsbury went 12 lower at 485p in thin turnover.

ICI dropped to 680p early in the session, before staging a late rally to close only a shade off at 691p. There were hints in the market that a round of substantial profits downgrades, possibly done to around the £200m to £250m level, compared with current estimates of around the £300m mark, could be in the pipeline.

A mixture of nervousness and profit-taking dogged property companies with the majority giving up recently gained ground. British Land lost 6 to close at 320p. Great Portland Estates fell back 9 to 183p in the aftermath of BZV's sell note. Palmerston Holdings saw its value slashed by more than half with the price tumbling from 15p to 6p after news that receivers had been appointed at several of its subsidiaries.

Elsewhere in the market, although it announced a £35m acquisition of Berghaus, the Dutch distributor of women's coats and jackets. The shares fell back 3 to 224p on the move, financed by a placing of 15.2m shares at 218p. One analyst said that more eyes will be on a company presentation next week which will reveal its strategy for India and Brazil.

Recommendations from Henderson Crosthwaite and SG

Warburg boosted Cadbury Schweppes and the shares gained 12 to 456p in trade of 2.2m.

Scottish and Newcastle benefited from a recommendation from Nomura and put on 7 to 464p.

Insurance brokers attracted buying interest after a number of influential stockbroking analysts adopted a bullish stance.

Willis Corroon, the sector leader, jumped 8 to 210p, with analysts said to have been upgrading their profits estimates for next year to the £100m mark. Sedgwick moved up 6 to 186p. Lloyd Thompson added 9 to a record 303p.

Shares in English China Clays recovered from an early retreat which followed the surprise announcement of a

£115.4m cash call to help fund the £202.3m acquisition of Calgon, a specialty chemicals business in the US. Having fallen to 402p in early trading, the shares closed 9 ahead at 425p, as analysts pointed to the benefits of the purchase.

Rolls-Royce edged 1/2 forward to 152p, with the stock said to have benefited from some switching from British Aerospace. The switching and general profit-taking following the strong run for most of the week left BAE 15 lighter at 410p.

MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Christine Buckley.

Other statistics, Page 13

CHIEF PRICE CHANGES YESTERDAY

London (Pence)	Change	Day's change
ASDA Group	100	71
Admiral	100	100
Admiral	100	100
Admiral	100	100
Admiral	100	100
Admiral	100	100
Admiral	100	100
Admiral	100	100
Admiral	100	100
Admiral	100	100

EQUITY FUTURES AND OPTIONS TRADING

BETTER than expected US producer price index figures enlivened an otherwise dull Footsie futures market though further gains were checked by talk of a political scandal, writes Joel Kibazo.

A general lack of buying interest as dealers continued to reflect on the UK political scene characterised the morning session. Having opened at

2,854, the June contract on the FTSE 100 slipped to 2,832 and hovered around that level for the next few hours.

The release of the US figures over the lunch hour prised buyers from the sidelines sending the June contract to the day's high of 2,873. However the buying ran out of steam as the market neared its official close as talk of an

impending political scandal circulated. June closed at 2,865.

Total turnover in the traded options remained low at 25,314. Activity in the FTSE 100 option remained poor reaching 6,518 contracts and the Euro FTSE 2.521 lots. Shell was the most active stock option with a total of 2,403 lots dealt.

FINANCIAL TIMES EQUITY INDICES

Index	June 11	June 10	June 9	June 8	June 7	Year ago	% High	% Low
Ordinary share	2244.0	2238.5	2240.5	2224.5	2205.3	2280.5	218.7	218.7
Ordinary share	2244.0	2238.5	2240.5	2224.5	2205.3	2280.5	218.7	218.7
Ordinary share	2244.0	2238.5	2240.5	2224.5	2205.3	2280.5	218.7	218.7
Ordinary share	2244.0	2238.5	2240.5	2224.5	2205.3	2280.5	218.7	218.7
Ordinary share	2244.0	2238.5	2240.5	2224.5	2205.3	2280.5	218.7	218.7

For 1993, Ordinary share index since completion: High 2294.5 (10/9/93), low 48.4 (26/10/71). Gold Mines index since completion: High 734.7 (15/2/93), low 45.5 (26/10/71).

Ordinary share hourly changes

Open	5.00	10.00	15.00	20.00	22.00	23.00	23.50	24.00
2244.0	2233.1	2238.5	2237.1	2237.7	2240.4	2243.3	2244.9	2245.1

Volume

Index	June 11	June 10	June 9	June 8	June 7	Year ago
2244.0	2233.1	2238.5	2237.1	2237.7	2240.4	2243.3

London report and latest share index. Tel. 0891 123001. Calls charged at 36p/min plus 10p at all other times.

FT-A INDICES LEADERS AND LAGGARDS

Index	Change	Day's change
Gold Mines Index	281.06	8.41
Engineering-Aerospace	43.18	7.75
Property	37.48	6.98
Food & Drink	35.43	6.38
Metals & Metal Forming	32.83	3.83
Contracting, Construction	30.43	3.74
Building Materials	22.38	2.38
FT-SE SmallCap	20.43	3.17
Banks	20.03	2.88
FT-SE 350	18.82	2.58
Hotels & Leisure	18.86	2.58
Financial Group	18.46	2.12
Electronics	15.81	1.41
Oil & Gas	15.00	1.86
Insurance (Life)	12.18	0.54
Investment Trusts	12.15	0.08
Oil & Gas	11.67	1.82
Food Processing	11.61	1.86
Engineering-General	11.49	3.32
Electricity	11.00	7.16
Food Processing	10.05	7.16
Metals	8.02	10.77
Packaging, Paper & Printing	6.42	19.83

BENCHMARK GOVERNMENT BONDS

Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
0.500	06/03	112.0013	+0.149	7.86	7.87	7.46
0.500	06/03	111.8000	+0.200	7.27	7.28	7.43
0.500	06/03	105.0000	+0.400	7.47	7.51	7.80
0.500	06/03	105.0000	+0.200	7.25	7.49	7.58
0.500	06/03	105.0000	+0.200	6.47	6.89	8.85
0.500	06/03	105.0000	+0.200	7.26	7.26	7.16
0.500	06/03	105.0000	+0.200	6.79	6.91	5.71
0.500	06/03	105.0000	+0.200	12.19	12.22	12.54
0.500	06/03	105.0000	+0.200	4.35	4.41	4.39
0.500	06/03	105.0000	+0.200	4.34	4.37	4.55
0.500	06/03	105.0000	+0.200	6.62	6.74	6.56
0.500	06/03	105.0000	+0.200	10.75	10.86	11.71
0.500	06/03	105.0000	+0.200	7.05	7.07	7.10
0.500	06/03	105.0000	+0.200	8.84	8.84	8.97
0.500	06/03	105.0000	+0.200	8.42	8.42	8.47
0.500	06/03	105.0000	+0.200	6.00	6.12	5.93
0.500	06/03	105.0000	+0.200	6.83	6.82	6.96
0.500	06/03	105.0000	+0.200	7.36	7.56	7.63

London closing. *Denotes New York morning session. Yield: London market standard (Gross annual yield including withholding tax at 12.5 per cent payable by non-residents). Prices in UK in pence, others in dollars. Technical analysis by Price Source.

FT-SE Actuaries Share Indices

FT-SE 100

2861.8 +1.8

Index	June 11	June 10	June 9	June 8	June 7	Year ago
2861.8	2861.8	2861.8	2861.8	2861.8	2861.8	2861.8

FT-SE MID 250

3202.9 -4.8

Index	June 11	June 10	June 9	June 8	June 7	Year ago
3202.9	3202.9	3202.9	3202.9	3202.9	3202.9	3202.9

FT-A ALL-SHARE

1414.77 +0.13

Index	June 11	June 10	June 9	June 8	June 7	Year ago
1414.77	1414.77	1414.77	1414.77	1414.77	1414.77	1414.77

Index	June 11	June 10	June 9	June 8	June 7	Year ago
FT-SE 100	2861.8	2861.8	2861.8	2861.8	2861.8	2861.8
FT-SE MID 250	3202.9	3202.9	3202.9	3202.9	3202.9	3202.9
FT-SE 350	1414.77	1414.77	1414.77	1414.77	1414.77	1414.77
FT-SE SmallCap	20.43	20.43	20.43	20.43	20.43	20.43
FT-SE 100	2861.8	2861.8	2861.8	2861.8	2861.8	2861.8
FT-SE MID 250	3202.9	3202.9	3202.9	3202.9	3202.9	3202.9
FT-SE 350	1414.77	1414.77	1414.77	1414.77	1414.77	1414.77
FT-SE SmallCap	20.43	20.43	20.43	20.43	20.43	20.43
FT-SE 100	2861.8	2861.8	2861.8	2861.8	2861.8	2861.8
FT-SE MID 250	3202.9	3202.9	3202.9	3202.9	3202.9	3202.9
FT-SE 350	1414.77	1414.77	1414.77	1414.77	1414.77	1414.77
FT-SE SmallCap	20.43	20.43	20.43	20.43	20.43	20.43

Hourly movements

Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 Close High/Low Low/day

FT-SE 100 2850.0 2850.7 2850.0 2850.3 2850.7 2850.8 2850.8 2850.8 2850.8 2850.8

FT-SE MID 250 3201.1 3200.7 3201.5 3201.8 3201.8 3201.8 3201.8 3201.8 3201.8 3201.8

FT-SE 350 1423.9 1424.1 1423.6 1423.2 1423.0 1423.0 1423.0 1423.0 1423.0 1423.0

FT-SE Actuaries 350 Industry Baskets

Construction 1861.4 1874.2 1874.2 1874.2 1874.2 1874.2 1874.2 1874.2 1874.2 1874.2

Health & H 1029.8 1029.8 1029.8 1029.8 1029.8 1029.8 1029.8 1029.8 1029.8 1029.8

Water 1305.2 1305.4 1305.9 1306.3 1306.3 1306.3 1306.3 1306.3 1306.3 1306.3

Rails 1742.2 1742.6 1743.3 1743.5 1743.5 1743.5 1743.5 1743.5 1743.5 1743.5

Equity section or group

Base date Base value

Equity section or group Base date Base value

Equity section or group Base date Base value

Equity section or group Base date Base value

Equity section or group Base date Base value

Equity section or group Base date Base value

Equity section or group Base date Base value

Equity section or group Base date Base value

Equity section or group

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

OTHER UK UNIT TRUSTS

FT MANAGED FUNDS SERVICE

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OFFSHORE INSURANCES

[illegible]

[illegible]

AMERICA
DOW

June 11

[illegible][illegible]

Thursday	Trade
1402	

0	+0.14
	+0.10
	+0.10
	+0.12
	+0.11
	+0.03
	-0.08
	+0.07
0	-0.10
0	-0.10
0	-0.04
	+0.05
0	-0.36
0	+0.20
0	-0.10
	-0.04
	-0.02

shows the actual day's high
low has reached during the



WORLD STOCK MARKETS

AMERICA

Dow subsides after inflation data gains

Wall Street

After posting big early gains on promising inflation news, US share prices fell back amid growing concern about the outlook for the economy, writes Patrick Harverson in New York.

At 1 pm, the Dow Jones Industrial Average was up 8.30 at 3,500.02. The more broadly based Standard & Poor's 500 was 1.02 higher at 446.40, while the Amex composite was down 0.83 at 434.97, and the Nasdaq composite up 2.76 at 690.79. Trading volume on the NYSE was 153m shares by 1 pm.

The release of the May producer prices index brought

relief to those in the markets worried that rising inflation would force the Federal Reserve to raise interest rates. The PPI came in flat last month, and the "core" measure (excluding the volatile food and energy components) was up by only 0.2 per cent.

The figures will relieve the pressure on the Fed to tighten monetary policy as a precautionary measure against inflation, and lifted both stock and bond prices. The Dow gained 25 points in the opening 30 minutes, while the benchmark 30-year government bond rose three quarters of a point, lowering the yield to 6.81 per cent.

The gains, however, were not sustained. The bad news about

yesterday's data was that the low inflation figures confirmed that the economy is currently too weak to support the price increases which were seen at the start of the year. This release yesterday of a disappointing May retail sales report - sales rose by only 0.1 per cent last month - was further evidence that domestic demand remains subdued.

Consequently, share prices eased off their early highs by mid-morning, as did bond prices, although less noticeably. Both stock and bond markets were aware that it might be premature to celebrate lower inflation until the May consumer prices figures are released. They are due out

early next week.

Bank stocks were helped by the reduced threat of a rise in interest rates.

Chicago's S&P 500 fell 0.27%, Bank One rose 0.41%, Chemical bank up 0.37%, BankAmerica added 0.34% at \$42.00 and Wells Fargo climbed 0.2% to \$101.

Minnesota Mining & Manufacturing, which fell sharply on Thursday following a profit warning from the company's management, rebounded, gaining 0.3% at \$107.75.

Affiliated Publications, which owns the Boston Globe, rose 0.5% to \$13 in volume of 1.3m shares after the New York Times confirmed that it plans to buy Affiliated for

\$1.1bn in cash and stock.

Occidental Petroleum fell 0.1% to \$20.10 in busy trading after the securities house Merrill Lynch downgraded its short-term rating.

Canada

TORONTO was unable to respond to Wall Street's improvement, the TSE 300 composite index registering a fall of 4.83 to 3,870.61 at noon as volume fell from 44.7m to 29.8m shares.

Gold returned to the upgrade, losing some of the strength in mid-session, and the main sector fall came in metals and minerals, down 35.85 at 2,931.83.

Stronger yen casts its shadow over equities

Emiko Terazono reviews market activity in Tokyo

The summer months, historically, have been unkind to the Tokyo stock market. After the jump in activity during recent months, shares are currently facing a lull, on uncertainty over a higher yen and on caution regarding the course of the economy.

The Nikkei index rose 24 per cent during the first four months of this year, but it has remained almost flat around 20,500 during the past month. The 21,000 line has proven to be a tough one to crack, as investors who bought around that level in 1991 wait to unload their holdings.

There are now signs that US hedge funds, looking for quick profits, are anticipating a chance to sell into weakness, creating short positions in the near term.

Last month's corporate results season held few surprises, with pre-tax profits for leading companies down by some 30 per cent. Estimates for pre-tax profits for the current year to March 1994 are mixed, ranging from a rise of 14 per cent to a fall of 10 per cent.

The rise in the equity market over the past few months, seems to indicate that investors have discounted corporate profits for the fiscal year to March 1994, Mr Patrick Thompson, at Fleming Investment Management, believes that corporate profits could rise by 70 to 100 per cent for that year.

With the market on a positive note of 78 months, however, many investors have started to feel uncomfortable over current valuations. They are not willing to increase holdings further until there is a fall in share prices or firm evidence of an improvement to the economy. Japanese institutional investors, who have been inactive during the recent rally, may not come in until they confirm the market's uptrend.

The sudden rise in the yen against the dollar threatens companies' projections of flat profits for the current year to March 1994. The rise also comes at a time when a spate

of statistics is casting doubts on previous optimism over an imminent bottoming out of the economy.

Bank lending for April rose by 1.1 per cent from the previous year, its smallest rise ever, while industrial output for April fell 2.2 per cent from the month before after two consecutive months of strong gains.

Mr Geoffrey Barker, an economist at Baring Securities in Tokyo, points out that the stronger yen could depress the Nikkei below the 20,000 level.

ing the ordinary Japanese, and triggering a return in consumer confidence through lower imports, a higher yen will hurt consumption as companies will feel squeeze on income.

Meanwhile, the recent stability of prices has given authorities room to address the market's structural problems.

A recent report commissioned by the finance ministry identifies cross shareholdings between companies as a barrier to an efficient market.

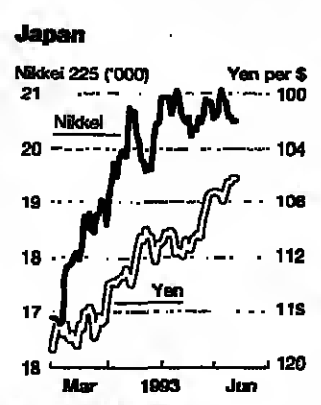
On the over-the-counter market, disclosure problems of small companies have once again made investors nervous. At the beginning of this month, Hanjin Industry, a construction machinery manufacturer, announced that it had filed for court protection, with liabilities totalling ¥170bn.

The company blamed "malicious credit reports" and allegations of tax evasion for its financial problems. While the incident reflected the vulnerability of small companies to rumours, it also cast doubts on the lack of disclosure by OTC corporations.

Earlier this week rumours that THK, a leading bearings company, was facing financial problems once again rocked the OTC market. The Japan Securities Dealers Association is now studying disclosure measures for OTC companies.

In the near term, the 21,000 level continues to be a barrier for the Nikkei. Japanese investors expect resistance at that level to persist, and remain conservative in their forecasts. Mr Kazuo Tamayama, fund manager at Yasuda Kasai Brinson Investment Management, expects the index to fluctuate between 18,000 and 22,000 until the autumn.

Mr Alan Livsey at Kleinwort Benson is more optimistic. He sees the Nikkei falling to 18,500 in the worst case scenario, but thinks that the next few months will be a trough before a "powerful drive upwards", predicting that it will reach 24,000 by the end of the year.



Source: Datastream

EUROPE

Comment turns bearish after a good week

BOURSES, according to the Eurotrack 100, registered a good rise on the week. But analysts and strategists, meanwhile, were pushing them into the underweight basket, writes Our Markets Staff.

MILAN closed the week where it had begun with a further fall in Ferruzzi, down 1.73 or 9 per cent at 1,732. This followed news that the group had handed executive powers to the group of creditor banks headed by Mediobanca.

As a result the banking sector also dove, with Mediobanca losing 1.31 to 1,167.20 at the close before slipping to 1,159.00 on the week. Among the other creditor banks, BCI lost 1.74 to 1,542.42 and Credito Italiano 1.05 to 1,269.3.

There were fears, said some analysts, that should a debt-equity swap proceed in relation to Ferruzzi, similar arrangements might be negotiated for other debt-laden groups.

Montedison eased 1.5 to 1,875 at the close before sliding to 1,880 in after hours trading. However, Edison, seen as one of the remaining jewels in the Ferruzzi empire, remained steady, easing just 1.3 to 1,510.1. The Comit index slipped 1.35 to 531.89, little changed on the week.

PARIS was supported

towards the close by a stronger Wall Street. The CAC-40 index gained 9.21 to 1,920.43, up 3.3 per cent on the week. Turnover was a moderate FF2.5bn.

Most analysts were expecting a rate cut on Monday given the recent strength of the franc against the D-Mark.

Among the day's movers, LVMH corrected Thursday's fall following its annual meeting, picking up FF2.22 to FF23.705 while, in the financial sector, UAP gained FF2.22 to FF23.705, and Suez FF2.22 to FF23.705 in high volume.

Eridania Béghin-Say, the sugar, agro-industrial, and branded foods company controlled by Ferruzzi, rallied FF8 to FF69.1, down 3.5 per cent on a week affected by the problems at its Italian parent.

FRANKFURT returned from holiday, and raised suspicions of window dressing ahead of the June 30 valuations. The DAX index climbed another 7.91 to 1,680.98, up 2.6 per cent on the week and just a few points short of its March 31 peak. Turnover rose from DM5.4bn to DM5.8bn.

Carmakers had another good day, BMW, Daimler and Volkswagen rising by DM9 to DM473, DM8 to DM587.50, and DM430 to DM430.80 respectively, leaving analysts with their eyebrows raised. In Düsseldorf, Mr

FT-SE Actuaries Share Indices

June 11		THE EUROPEAN SERIES									
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close			
FT-SE Eurotrack 100	1175.47	1175.52	1177.84	1176.57	1178.78	1180.05	1182.05	1181.85			
FT-SE Eurotrack 200	1230.85	1230.15	1231.17	1230.53	1231.15	1231.74	1231.76	1232.37			

	June 10	June 9	June 8	June 7	June 6
FT-SE Eurotrack 100	1181.45	1181.59	1180.70	1187.78	1159.95
FT-SE Eurotrack 200	1230.25	1230.01	1218.08	1219.88	1214.21

See also 1993 2000 1992 1991 1990 1989 1988 1987 1986 1985 1984 1983 1982 1981 1980 1979 1978 1977 1976 1975 1974 1973 1972 1971 1970 1969 1968 1967 1966 1965 1964 1963 1962 1961 1960 1959 1958 1957 1956 1955 1954 1953 1952 1951 1950 1949 1948 1947 1946 1945 1944 1943 1942 1941 1940 1939 1938 1937 1936 1935 1934 1933 1932 1931 1930 1929 1928 1927 1926 1925 1924 1923 1922 1921 1920 1919 1918 1917 1916 1915 1914 1913 1912 1911 1910 1909 1908 1907 1906 1905 1904 1903 1902 1901 1900 1899 1898 1897 1896 1895 1894 1893 1892 1891 1890 1889 1888 1887 1886 1885 1884 1883 1882 1881 1880 1879 1878 1877 1876 1875 1874 1873 1872 1871 1870 1869 1868 1867 1866 1865 1864 1863 1862 1861 1860 1859 1858 1857 1856 1855 1854 1853 1852 1851 1850 1849 1848 1847 1846 1845 1844 1843 1842 1841 1840 1839 1838 1837 1836 1835 1834 1833 1832 1831 1830 1829 1828 1827 1826 1825 1824 1823 1822 1821 1820 1819 1818 1817 1816 1815 1814 1813 1812 1811 1810 1809 1808 1807 1806 1805 1804 1803 1802 1801 1800 1799 1798 1797 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HOTELS & LEISURE - Cont.

FOLDING MATERIALS - Cont.

CONTRACTING & CONSTRUCTION - Cont.**ENGINEERING-GENERAL - Cont****HOTELS & LEISURE - Cont.**

INVESTMENT TRUSTS • CONT.

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1000 Parfums	565		565
1000 Parfums	566		566
1000 Parfums	567		567
1000 Parfums	568		568
1			

[illegible]

1990	Mkt	Yld	P/E	Notes	Price	High
100	1.81	2.5	10.8	Flamingo Int. -	67.72	70
120	242.3	2.5	10.8	Flamingo Int. -	14	10
130	1.81	2.5	10.8	Flamingo Int. -	14	10
150	21.0	2.5	10.8	Flamingo Int. -	14	10
155	21.0	2.5	10.8	Flamingo Int. -	14	10
160	21.0	2.5	10.8	Flamingo Int. -	14	10
165	21.0	2.5	10.8	Flamingo Int. -	14	10
170	21.0	2.5	10.8	Flamingo Int. -	14	10
175	21.0	2.5	10.8	Flamingo Int. -	14	10
180	21.0	2.5	10.8	Flamingo Int. -	14	10
185	21.0	2.5	10.8	Flamingo Int. -	14	10
190	21.0	2.5	10.8	Flamingo Int. -	14	10
195	21.0	2.5	10.8	Flamingo Int. -	14	10
200	21.0	2.5	10.8	Flamingo Int. -	14	10
205	21.0	2.5	10.8	Flamingo Int. -	14	10
210	21.0	2.5	10.8	Flamingo Int. -	14	10
215	21.0	2.5	10.8	Flamingo Int. -	14	10
220	21.0	2.5	10.8	Flamingo Int. -	14	10
225	21.0	2.5	10.8	Flamingo Int. -	14	10
230	21.0	2.5	10.8	Flamingo Int. -	14	10
235	21.0	2.5	10.8	Flamingo Int. -	14	10
240	21.0	2.5	10.8	Flamingo Int. -	14	10
245	21.0	2.5	10.8	Flamingo Int. -	14	10
250	21.0	2.5	10.8	Flamingo Int. -	14	10
255	21.0	2.5	10.8	Flamingo Int. -	14	10
260	21.0	2.5	10.8	Flamingo Int. -	14	10
265	21.0	2.5	10.8	Flamingo Int. -	14	10
270	21.0	2.5	10.8	Flamingo Int. -	14	10
275	21.0	2.5	10.8	Flamingo Int. -	14	10
280	21.0	2.5	10.8	Flamingo Int. -	14	10
285	21.0	2.5	10.8	Flamingo Int. -	14	10
290	21.0	2.5	10.8	Flamingo Int. -	14	10
295	21.0	2.5	10.8	Flamingo Int. -	14	10
300	21.0	2.5	10.8	Flamingo Int. -	14	10
305	21.0	2.5	10.8	Flamingo Int. -	14	10
310	21.0	2.5	10.8	Flamingo Int. -	14	10
315	21.0	2.5	10.8	Flamingo Int. -	14	10
320	21.0	2.5	10.8	Flamingo Int. -	14	10
325	21.0	2.5	10.8	Flamingo Int. -	14	10
330	21.0	2.5	10.8	Flamingo Int. -	14	10
335	21.0	2.5	10.8	Flamingo Int. -	14	10
340	21.0	2.5	10.8	Flamingo Int. -	14	10
345	21.0	2.5	10.8	Flamingo Int. -	14	10
350	21.0	2.5	10.8	Flamingo Int. -	14	10
355	21.0	2.5	10.8	Flamingo Int. -	14	10
360	21.0	2.5	10.8	Flamingo Int. -	14	10
365	21.0	2.5	10.8	Flamingo Int. -	14	10
370	21.0	2.5	10.8	Flamingo Int. -	14	10
375	21.0	2.5	10.8	Flamingo Int. -	14	10
380	21.0	2.5	10.8	Flamingo Int. -	14	10
385	21.0	2.5	10.8	Flamingo Int. -	14	10
390	21.0	2.5	10.8	Flamingo Int. -	14	10
395	21.0	2.5	10.8	Flamingo Int. -	14	10
400	21.0	2.5	10.8	Flamingo Int. -	14	10
405	21.0	2.5	10.8	Flamingo Int. -	14	10
410	21.0	2.5	10.8	Flamingo Int. -	14	10
415	21.0	2.5	10.8	Flamingo Int. -	14	10
420	21.0	2.5	10.8	Flamingo Int. -	14	10
425	21.0	2.5	10.8	Flamingo Int. -	14	10
430	21.0	2.5	10.8	Flamingo Int. -	14	10
435	21.0	2.5	10.8	Flamingo Int. -	14	10
440	21.0	2.5	10.8	Flamingo Int. -	14	10

107	0.9	10.7
147	3.3	14.7
6	0.5	6
213	1.0	21.3
147	0.5	14.7
98	0.5	9.8
1002	0.5	100.2
12	0.3	1.2
78	0.1	7.8
244	22.0	44.1
404	0.9	40.4
282	0.5	28.2
250	1.2	25.0
223	1.0	22.3
44	1.1	4.4
184	0.8	18.4
57	0.6	5.7
14	0.8	1.4
61	0.8	6.1
111	0.9	11.1
103	0.9	10.3
118	1.8	11.8
30	0.3	3.0
32	4.3	32.8
46	22.8	4.6
6		6.2
1124		
170	0.9	17.0
242	13.7	47.3
834	9.2	105.6
67	0.8	6.7
819	1.8	113.9
63	0.5	6.3
65	1.1	266.1
6315	1.8	
144	19.8	32.1
67	10.0	23.3
904	2.7	23.5
1504	2.7	
65	0.8	93.1

5 Nolan	250	279
6 (3) Mr	241	280

Price E	+	1993	low	Mid	Vol	Sec
14400	-13	2590	8200	9.00	4.6	Shaw
127	-	112	11.2	3.194	4.3	Shaw
12320	-7	14230	11110	2.000	4.0	Wanam
50	-	295	2.0	1.044	5.7	Wanam
50	-	295	2.0	1.044	5.7	Wanam
11020	-10	1070	100	7.31	4.2	Wanam
15710	-7	16180	12280	3.21	4.5	Wanam
1040	-6	45	38	218.0	8.4	CH
2280	-0	2610	1940	70.0	8.4	CH
2700	-6	3070	2100	68.2	4.6	Alco
2700	-6	3070	2100	68.2	4.6	Alco
114	-	124	18.1	4.094	3.8	Alco
224	-10	1810	135	1.694	3.8	Alco
154	-	77	13.2	4.094	3.8	Alco
8000	-	1070	8200	4.000	4.3	BPC
12800	-11	14650	11250	4.000	4.2	BPC
2500	-	2590	12810	1.0	4.1	Ray
50	-	295	2.0	1.044	5.7	Ray
5770	-15	10280	8740	1.712	5.4	Ray

		+ or -	1983
Notes	Price		
Treasury bills	\$253	+½	\$57 ¼
Governments	\$260	+½	\$47 ¾
Int.	3½	-½	29
Corp.	\$26 ½	+½	\$23 ¾
High Yld	\$27 ½	+½	\$23 ¾
Govt Bonds	\$28	+½	\$25 ½
RM	\$106 ½	-½	\$115 21 ½
RM	67		718

		1993		1992		1991	
		Price	Index	Price	Index	Price	Index
01	1.26	34	10.0	1.00	100	1.00	100
02	1.62	34	16.9	1.00	100	1.00	100
03	0.57	33	8.0	1.00	100	1.00	100
04	1.00	18	28.4	1.00	100	1.00	100
05	0.82	22	22.0	1.00	100	1.00	100
06	0.42	22	4.2	1.00	100	1.00	100
07	0.42	22	4.2	1.00	100	1.00	100
08	0.42	22	4.2	1.00	100	1.00	100
09	0.42	22	4.2	1.00	100	1.00	100
10	0.42	22	4.2	1.00	100	1.00	100
11	0.42	22	4.2	1.00	100	1.00	100
12	0.42	22	4.2	1.00	100	1.00	100
13	0.42	22	4.2	1.00	100	1.00	100
14	0.42	22	4.2	1.00	100	1.00	100
15	0.42	22	4.2	1.00	100	1.00	100
16	0.42	22	4.2	1.00	100	1.00	100
17	0.42	22	4.2	1.00	100	1.00	100
ELECTRICITY							
		Price	Index	Price	Index	Price	Index
18	0.42	22	4.2	1.00	100	1.00	100
19	0.42	22	4.2	1.00	100	1.00	100
20	0.42	22	4.2	1.00	100	1.00	100
21	0.42	22	4.2	1.00	100	1.00	100
22	0.42	22	4.2	1.00	100	1.00	100
23	0.42	22	4.2	1.00	100	1.00	100
24	0.42	22	4.2	1.00	100	1.00	100
25	0.42	22	4.2	1.00	100	1.00	100
26	0.42	22	4.2	1.00	100	1.00	100
27	0.42	22	4.2	1.00	100	1.00	100
28	0.42	22	4.2	1.00	100	1.00	100
29	0.42	22	4.2	1.00	100	1.00	100
30	0.42	22	4.2	1.00	100	1.00	100
31	0.42	22	4.2	1.00	100	1.00	100
32	0.42	22	4.2	1.00	100	1.00	100
33	0.42	22	4.2	1.00	100	1.00	100
34	0.42	22	4.2	1.00	100	1.00	100
35	0.42	22	4.2	1.00	100	1.00	100
36	0.42	22	4.2	1.00	100	1.00	100
37	0.42	22	4.2	1.00	100	1.00	100
38	0.42	22	4.2	1.00	100	1.00	100
39	0.42	22	4.2	1.00	100	1.00	100
40	0.42	22	4.2	1.00	100	1.00	100
41	0.42	22	4.2	1.00	100	1.00	100
42	0.42	22	4.2	1.00	100	1.00	100
43	0.42	22	4.2	1.00	100	1.00	100
44	0.42	22	4.2	1.00	100	1.00	100
45	0.42	22	4.2	1.00	100	1.00	100
46	0.42	22	4.2	1.00	100	1.00	100
47	0.42	22	4.2	1.00	100	1.00	100
48	0.42	22	4.2	1.00	100	1.00	100
49	0.42	22	4.2	1.00	100	1.00	100
50	0.42	22	4.2	1.00	100	1.00	100
51	0.42	22	4.2	1.00	100	1.00	100
52	0.42	22	4.2	1.00	100	1.00	100
53	0.42	22	4.2	1.00	100	1.00	100
54	0.42	22	4.2	1.00	100	1.00	100
55	0.42	22	4.2	1.00	100	1.00	100
56	0.42	22	4.2	1.00	100	1.00	100
57	0.42	22	4.2	1.00	100	1.00	100
58	0.42	22	4.2	1.00	100	1.00	100
59	0.42	22	4.2	1.00	100	1.00	100
60	0.42	22	4.2	1.00	100	1.00	100
61	0.42	22	4.2	1.00	100	1.00	100
62	0.42	22	4.2	1.00	100	1.00	100
63	0.42	22	4.2	1.00	100	1.00	100
64	0.42	22	4.2	1.00	100	1.00	100
65	0.42	22	4.2	1.00	100	1.00	100
66	0.42	22	4.2	1.00	100	1.00	100
67	0.42	22	4.2	1.00	100	1.00	100
68	0.42	22	4.2	1.00	100	1.00	100
69	0.42	22	4.2	1.00	100	1.00	100
70	0.42	22	4.2	1.00	100	1.00	100
71	0.42	22	4.2	1.00	100	1.00	100
72	0.42	22	4.2	1.00	100	1.00	100
73	0.42	22	4.2	1.00	100	1.00	100
74	0.42	22	4.2	1.00	100	1.00	100
75	0.42	22	4.2	1.00	100	1.00	100
76	0.42	22	4.2	1.00	100	1.00	100
77	0.42	22	4.2	1.00	100	1.00	100
78	0.42	22	4.2	1.00	100	1.00	100
79	0.42	22	4.2	1.00	100	1.00	100
80	0.42	22	4.2	1.00	100	1.00	100
81	0.42	22	4.2	1.00	100	1.00	100
82	0.42	22	4.2	1.00	100	1.00	100
83	0.42	22	4.2	1.00	100	1.00	100
84	0.42	22	4.2	1.00	100	1.00	100
85	0.42	22	4.2	1.00	100	1.00	100
86	0.42	22	4.2	1.00	100	1.00	100
87	0.42	22	4.2	1.00	100	1.00	100
88	0.42	22	4.2	1.00	100	1.00	100
89	0.42	22	4.2	1.00	100	1.00	100
90	0.42	22	4.2	1.00	100	1.00	100
91	0.42	22	4.2	1.00	100	1.00	100
92	0.42	22	4.2	1.00	100	1.00	100
93	0.42	22	4.2	1.00	100	1.00	100
94	0.42	22	4.2	1.00	100	1.00	100
95	0.42	22	4.2	1.00	100	1.00	100
96	0.42	22	4.2	1.00	100	1.00	100
97	0.42	22	4.2	1.00	100	1.00	100
98	0.42	22	4.2	1.00	100	1.00	100
99	0.42	22	4.2	1.00	100	1.00	100
100	0.42	22	4.2	1.00	100	1.00	100

[illegible][illegible][illegible]

115	-	134.8
154	0.4	304.8
207	2.4	276.6
83	0.3	155.4
340	3.2	427.5
48	-	-
5	-	-
15	1	30.3
29	1.1	51.3
101	1.7	138.5
63	4.8	101.4
96	3.2	127.1
31½	-	-
105	8.3	113.0
18	-	-
175	0.8	242.9
181	-	114.8
26	5.1	58.9
16	-	-
31¼	-	-

77 09	38	78
80 00	29	34
81 00	141	153

[illegible]

1955	100	64	10
1956	537	203	828
1957	100	100	100
1958	149	140	140
1959	149	140	140
1960	2217	310	3101
1961	3334	332	332
1962	15	20	20
1963	181	11	11
1964	13	11	11
1965	519	241	241
1966	695	214	214
1967	100	100	100
1968	100	710	710
ISSUES (FOURTEEN)			
1955	202	600	500
1956	202	220	220
1957	202	220	220
1958	135	192	192
1959	135	218	218
1960	202	202	202
1961	215	210	210
1962	477	538	538
1963	477	475	475
1964	477	475	475
1965	373	401	364
1966	373	306	306
CONGLOMERATES			
Notes	Price	+/-	1953
1954	332	+2	332
1955	332	+2	332
1956	332	+2	332
1957	332	+2	332
1958	332	+2	332
1959	332	+2	332
1960	332	+2	332
1961	332	+2	332
1962	332	+2	332
1963	332	+2	332
1964	332	+2	332
1965	332	+2	332
1966	332	+2	332
1967	332	+2	332
1968	332	+2	332
1969	332	+2	332
1970	332	+2	332
1971	332	+2	332
1972	332	+2	332
1973	332	+2	332
1974	332	+2	332
1975	332	+2	332
1976	332	+2	332
1977	332	+2	332
1978	332	+2	332
1979	332	+2	332
1980	332	+2	332
1981	332	+2	332
1982	332	+2	332
1983	332	+2	332
1984	332	+2	332
1985	332	+2	332
1986	332	+2	332
1987	332	+2	332
1988	332	+2	332
1989	332	+2	332
1990	332	+2	332
1991	332	+2	332
1992	332	+2	332
1993	332	+2	332
1994	332	+2	332
1995	332	+2	332
1996	332	+2	332
1997	332	+2	332
1998	332	+2	332
1999	332	+2	332
2000	332	+2	332
2001	332	+2	332
2002	332	+2	332
2003	332	+2	332
2004	332	+2	332
2005	332	+2	332
2006	332	+2	332
2007	332	+2	332
2008	332	+2	332
2009	332	+2	332
2010	332	+2	332
2011	332	+2	332
2012	332	+2	332
2013	332	+2	332
2014	332	+2	332
2015	332	+2	332
2016	332	+2	332
2017	332	+2	332
2018	332	+2	332
2019	332	+2	332
2020	332	+2	332
2021	332	+2	332
2022	332	+2	332
2023	332	+2	332
2024	332	+2	332
2025	332	+2	332
2026	332	+2	332
2027	332	+2	332
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2029	332	+2	332
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2031	332	+2	332
2032	332	+2	332
2033	332	+2	332
2034	332	+2	332
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2042	332	+2	332
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2047	332	+2	332
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2067	332	+2	332
2068	332	+2	332
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2072	332	+2	332
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2080	332	+2	332
2081	332	+2	332
2082	332	+2	332
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2089	332	+2	332
2090	332	+2	332
2091	332	+2	332
2092	332	+2	332
2093	332	+2	332
2094	332	+2	332
2095	332	+2	332
2096	332	+2	332
2097	332	+2	332
2098	332	+2	332
2099	332	+2	332
2100	332	+2	332
2101	332	+2	332
2102	332	+2	332
2103	332	+2	332
2104	332	+2	332
2105	332	+2	332
2106	332	+2	332
2107	332	+2	332
2108	332	+2	332
2109	332	+2	332
2110	332	+2	332
2111	332	+2	332
2112	332	+2	332
2113	332	+2	332
2114	332	+2	332
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2116	332	+2	332
2117	332	+2	332
2118	332	+2	332
2119	332	+2	332
2120	332	+2	332
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2123	332	+2	332
2124	332	+2	332
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2218	332	+2	332
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2274	332	+2	332
2275	332	+2	332
2276	332	+2	332
2277	332	+2	332
2278	332		

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124	85	128.7	
38	-	203.7	
112	32	14.4	-
80	63	15.9	-
22	-	43.7	2
13	33	4.5	79.0
15	44	-	-
425	3	349.8	-
350	4	37	269.7
226	85	333.8	3
181	-	105.2	-
74	71.2	88.8	-
389	-	2.0	290.0
176	-	4.5	125.1
108	8	8.1	57.7
315	-	7	443.3
315	-	-	-
92	-	111.7	-
47	-	-	-
540	3.8	549.8	-
85	-	112.9	1
44	4.4	108.4	-
55	-	-	-
54	-	104.7	3
15	-	75.0	2
71	4.5	92.0	-
135	4.4	299.2	3
230	4.4	255.2	-
330	-	24.0	-
1182	-	267.3	5
38	17.5	-	-
64	-	84.8	7
64	85	187.4	-
44	11.0	85.3	2

Q URS 2F	325	325	24
Batz DM	2237 1/2	+1 1/4	2238 2/3 2210 1/2

1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	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106	3.2	28.0	18	M & B 2nd Vice Inc.	106	187	187
108	4.3	28.0	69	Adco Inc.	75	170	170
110	4.0	28.0	23	Adco Inc.	75	170	170
112	2.8	28.0	28	Adco Inc.	75	170	170
114	2.8	28.0	28	Adco Inc.	75	170	170
116	2.8	28.0	28	Adco Inc.	75	170	170
118	2.8	28.0	28	Adco Inc.	75	170	170
120	2.8	28.0	28	Adco Inc.	75	170	170
122	2.8	28.0	28	Adco Inc.	75	170	170
124	2.8	28.0	28	Adco Inc.	75	170	170
126	2.8	28.0	28	Adco Inc.	75	170	170
128	2.8	28.0	28	Adco Inc.	75	170	170
130	2.8	28.0	28	Adco Inc.	75	170	170
132	2.8	28.0	28	Adco Inc.	75	170	170
134	2.8	28.0	28	Adco Inc.	75	170	170
136	2.8	28.0	28	Adco Inc.	75	170	170
138	2.8	28.0	28	Adco Inc.	75	170	170
140	2.8	28.0	28	Adco Inc.	75	170	170
142	2.8	28.0	28	Adco Inc.	75	170	170
144	2.8	28.0	28	Adco Inc.	75	170	170
146	2.8	28.0	28	Adco Inc.	75	170	170
148	2.8	28.0	28	Adco Inc.	75	170	170
150	2.8	28.0	28	Adco Inc.	75	170	170
152	2.8	28.0	28	Adco Inc.	75	170	170
154	2.8	28.0	28	Adco Inc.	75	170	170
156	2.8	28.0	28	Adco Inc.	75	170	170
158	2.8	28.0	28	Adco Inc.	75	170	170
160	2.8	28.0	28	Adco Inc.	75	170	170
162	2.8	28.0	28	Adco Inc.	75	170	170
164	2.8	28.0	28	Adco Inc.	75	170	170
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468	2.8	28.0	28	Adco Inc.	75	170	170
470	2.8	28.0	28	Adco Inc.	75	170	170
472	2.8	28.0	28	Adco Inc.	75	170	170
474	2.8	28.0	28	Adco Inc.	75</		

123	20.5	1.8	20
164	3.4	208.7	20
110	3.8	127.2	2
47		68.2	11
67		90.9	17
27	0.1	462.1	1
178			
12	0.553526		15
66	4.8	146.9	29
5			
12	0.8	24.1	1
25	12.2	59.4	38
91			
15			
91			
127			
286			
230	2.3	350.8	87
124	2.0	430.1	12
284	2.7	145.5	42
35			
318	4.7	123.0	8
25			
49	4.9	118.7	2
25			
25	5.5	42.9	32
172	1.5	203.7	23
39	0.5	51.8	13
279			
279	4.4	311.8	8
280			
280	4.8	313.3	8
280	1.9	351.8	10
280			
280	13.7		
73			
50	-181.9	47.7	
50	4.52744	1	-7

28	—	70	14
100	—	100	74
97	—	63	5

[illegible]

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79	12.4	88.7	New City & Comm	88		88	
80	14.4	82.5	223.1	81		81	
81	16.6		R.P.C. Debt 2006	\$1,900	\$1,900	\$1,900	\$1,900
82			BLP Co. 2016	\$110	\$110	\$110	\$110
83	18.5		Monmouth V	70		70	
84	19.2	400.0	36.1	70		70	
85	2.2	78.2	Cap	140		140	
86	2.2	61.1	New Zealand	140		140	
87	3.7	33.6	13.3	140		140	
88	5.0	113.0	3.3	111		111	
89	5.3	116.7	21.3	200		200	
90	6.7	27.8	6.4	180.1		180.1	
91	6.8	107.7	6.8	200		200	
92	7.0	136.3	17.0	384		384	
93	7.3	100.0	17.0	384		384	
94	7.4	18.0	18.0	384		384	
95	7.5	18.0	18.0	384		384	
96	7.6	18.0	18.0	384		384	
97	7.7	18.0	18.0	384		384	
98	7.8	18.0	18.0	384		384	
99	7.9	18.0	18.0	384		384	
100	8.0	18.0	18.0	384		384	
101	8.1	18.0	18.0	384		384	
102	8.2	18.0	18.0	384		384	
103	8.3	18.0	18.0	384		384	
104	8.4	18.0	18.0	384		384	
105	8.5	18.0	18.0	384		384	
106	8.6	18.0	18.0	384		384	
107	8.7	18.0	18.0	384		384	
108	8.8	18.0	18.0	384		384	
109	8.9	18.0	18.0	384		384	
110	9.0	18.0	18.0	384		384	
111	9.1	18.0	18.0	384		384	
112	9.2	18.0	18.0	384		384	
113	9.3	18.0	18.0	384		384	
114	9.4	18.0	18.0	384		384	
115	9.5	18.0	18.0	384		384	
116	9.6	18.0	18.0	384		384	
117	9.7	18.0	18.0	384		384	
118	9.8	18.0	18.0	384		384	
119	9.9	18.0	18.0	384		384	
120	10.0	18.0	18.0	384		384	
121	10.1	18.0	18.0	384		384	
122	10.2	18.0	18.0	384		384	
123	10.3	18.0	18.0	384		384	
124	10.4	18.0	18.0	384		384	
125	10.5	18.0	18.0	384		384	
126	10.6	18.0	18.0	384		384	
127	10.7	18.0	18.0	384		384	
128	10.8	18.0	18.0	384		384	
129	10.9	18.0	18.0	384		384	
130	11.0	18.0	18.0	384		384	
131	11.1	18.0	18.0	384		384	
132	11.2	18.0	18.0	384		384	
133	11.3	18.0	18.0	384		384	
134	11.4	18.0	18.0	384		384	
135	11.5	18.0	18.0	384		384	
136	11.6	18.0	18.0	384		384	
137	11.7	18.0	18.0	384		384	
138	11.8	18.0	18.0	384		384	
139	11.9	18.0	18.0	384		384	
140	12.0	18.0	18.0	384		384	
141	12.1	18.0	18.0	384		384	
142	12.2	18.0	18.0	384		384	

70	-100.7	115	1.0
71	0.4	86.4	141
8.5	0.17	168	1.0
11.0	-142.7	168	1.0
2.3	100.7	131	1.0
4	112.9	223	1.0
3.9	122.8	181	1.0
0.4	433.6	161	1.0
13.7	506.6	53.6	1.0
13.7	7.0	-1.7	1.0
1.2	869.1	17.0	1.0
0.4	372.4	-30.0	1.0
0.8	40.8	114	1.0
2.7	100.6	15.3	1.0
1.4	124.5	16.0	1.0
2.677	20.8	1.0	1.0
1.0	-10.6	0.5	1.0
1.0	230.9	25.0	1.0
1.6	-95.5	-9.8	1.0
3.8	43.8	23.6	1.0
3.1	498.2	23.6	1.0
1.0	-43.8	23.6	1.0
10.3	102.5	7.8	1.0
8.9	3.3	26.3	1.0
16.3	79.5	-69.9	1.0
4.2	194.5	-1.1	1.0
10.3	139.8	59.0	1.0
3.2	281.0	14.2	1.0
14.2	-263.5	48.0	1.0
0.1	1163.0	1.0	1.0
7.8			1.0
3.8	163.5	12.1	1.0
	-215.4	4.3	1.0

هكذا من الجاهل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Company	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	9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FINANCIAL TIMES

Weekend June 12/June 13 1993

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Major backs action of UN peacekeepers against Croat gunmen UK troops kill two in Bosnia

By Alison Smith in London
and Reuters

PRIME minister John Major yesterday strongly backed British soldiers who fired on Croat gunmen in central Bosnia, saying he was prepared to send reinforcements if necessary.

He was speaking a few hours after British United Nations peacekeeping troops shot dead two Croatian soldiers who attacked a Muslim convoy near Vitez, the British base in central Bosnia.

He underlined the government's commitment to the "very unacceptable risks to the lives of our troops in Bosnia", telling a Conservative party con-

ference in Wales that there was "increasing evidence of widespread deterioration in the ground".

The prime minister's office emphasised that Mr Major and other senior ministers were keeping a close watch on the situation and said there were contingency arrangements to protect the lives of the 2,400 British troops deployed to assist in providing humanitarian aid in Bosnia.

Mr Douglas Hurd, the foreign secretary, indicated that the incident would not lead to an early withdrawal of the British contingent of United Nations troops from Bosnia. "So long as the government believes that our troops can do a good job in saving lives

without undue risk, they will go on doing so," he said.

In Geneva the UN High Commissioner for Refugees (UNHCR) warned that intense fighting and roadblocks have virtually halted all humanitarian aid convoys in central Bosnia.

"We have basically reached a worst-case scenario with things degenerating," Mr Ron Redmond, UNHCR spokesman, said.

In Belgrade Lord Owen and Mr Thorvald Stoltenberg, mediators for the EC and the UN, announced that Mr Slobodan Milosevic, the Serb leader, President Franjo Tudman of Croatia and President Alija Izetbegovic of Bosnia had agreed to travel to Geneva for talks, probably next

Wednesday. "We have to look increasingly at the issue of Bosnia and Croatia and Serbia and that is why I think it is appropriate to secure their money before BT monopolises the market, less so that they should be so concerned with raising equity at this stage in the cycle. If they really are gearing up for recovery, it would be more appropriate to go for debt. That is most clearly arguable in the case of Wimpey, but true of some of this week's other offerings as well. Yet while the equity market is awash with business, the well of bank credit is almost dry."

Part of the trouble is that corporate balance sheets are still showing the ravages of recession. Some bank debt is also being replaced by the heavy flow of corporate bond issues. But there remains a worry that the banks are not yet willing to finance the recovery. Unless they change their minds, it could eventually falter. The capital market cannot stand the strain indefinitely, especially given the remorseless tide of gilts.

That is not the only preoccupation, however. Yesterday brought the first figures on trade with Europe since January, while in the background the political uncertainty grows. The trade figures show exporters are using the devaluation to increase their margins rather than gain market share, which is good for profits in the short run but may be bad for growth in the longer term. Mr Norman Lamont's attack on the prime minister may have been dramatic but its implication for the market is hard to gauge.

Mr Major's classic response to trouble is to cut interest rates - and the stricture from Mr Eddie George this week suggest the Bank of England may fear just such a development. Mr Kenneth Clarke professes concern about growth and employment, but this could be just a front behind which to engage in some radical pruning of the state. There is plenty of room for internal debate on strategy. The market can only hope to know more after next week's Mansion House speech.

English China Clays

In recent years, English China Clays has developed a reputation for doing the right thing without ever really delivering the right result. Its latest significant shift in acquiring a US specialty chemicals business for £302m and pressing ahead with the demerger of its construction materials division may do little to alter that impression.

Political honours, however, were distributed at Westminster rather more sparsely than usual. Mr Roger Freeman, transport minister, and Sir George Young, housing minister, both became privy counsellors, but only two Conservative backbenchers, Mr Ralph Howell and Mr David Knox, received knighthoods.

Among the customary awards to artists and entertainers are the other two life peers: Sir Richard Attenborough, the actor and film director, and Sir Yehudi Menuhin, the violinist and conductor. Miss Thora Hird, the actress, and Miss Muriel Spark, the author, both become Dames.

Mr Nicholas Colchester, deputy editor of the Economist and former foreign editor of the FT, receives an OBE for services to journalism.

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Defence ministry probes ICL deal

By Tony Jackson

ICL, the Japanese-owned UK computer company, is under investigation by the Ministry of Defence for suspected irregularities involving two contracts totalling £1m.

MoD police on Thursday morning visited ICL's sales office at Slough and engineering offices at Stevenage and Basingstoke, all in south-east England, and took away documents relating to the contracts.

ICL said last night the contracts had been for "run-of-the-mill" work installing computers and cabling for the MoD. An MoD spokesman said last night "an investigation is taking place, but I cannot discuss it further until the outcome is known". Mr Richard Livesey-Hawthorn, an ICL executive director, said "we take the matter very seriously, and will do what we can to co-operate".

He was constrained from commenting further by official undertakings, but added "I would not be surprised if the MoD had been contacted by a disgruntled former employee, who might want to bring us into disrepute".

ICL has been the preferred supplier of mainframe computers to the MoD since the 1960s.

It is the prime contractor on a £250m office automation project for the MoD.

US inflation figures ease fears of rise in interest rates

By Michael Prowse in Washington

FEDERAL Reserve might raise short-term interest rates in the US eased yesterday after the release of encouraging inflation figures.

The Labour Department said the producer price index was unchanged last month after increases of 0.4 per cent and 0.6 per cent in March and April. The annual rate of wholesale price inflation dropped to 2 per cent from 2.4 per cent in April.

Separately, the Commerce Department reported a 0.1 per cent rise in retail sales last month, which was smaller than expected.

Share and bond prices surged in early trading as analysts discounted the chance of an immediate tightening of monetary policy. The dollar weakened slightly against leading currencies.

Consumer prices for May, due on Tuesday, are also expected to show an ebbing in inflationary pressures. If so, the Fed seems certain to leave rates unchanged at 3 per cent for at least the next month. Many economists predict that inflationary pressures will remain moderate throughout the summer, in which case the Fed may take no action before September or October.

Speculation about a possible rise in rates grew intense last month after the third set of bad inflation figures since Christmas. The annualised rate of inflation for the first four months was more than 4 per cent compared with 3 per cent in 1992.

Concerns were exacerbated when press leaks indicated that Fed governors and regional presidents voted last month to shift from a neutral stance on interest rates to a bias towards raising them. Minutes of a previous meeting showed that two Fed governors were pressing for higher rates as long ago as March.

However, a shift to a bias towards raising rates does not necessarily imply an early tightening of policy. The Fed may simply have wanted to reassure financial markets that it was concerned about inflation until distortions which pushed up price figures earlier this year began to unwind.

Many economists have long argued that the monthly figures had to improve because the economic recovery was too weak to put sustained upward pressure on prices. Wage settlements are moderate and the unemployment rate, at 6.9 per cent, is well above the level that has previously led to higher inflation.

Currencies, Page 15
US stocks, Page 23
See Lex

Peerage for Bank governor

Continued from Page 1

executive of Halifax Building Society.

While this is the first list in which the British Empire Medal - previously the lowest grade of honour - does not appear, other reforms promised by Mr Major in March will have to await future lists.

The New Year's honours list will be the first for which people can write in to the prime minister's office to nominate someone. So far more than 10,000 nomination forms have been sent out and 6,000 have been returned. The proportion of awards to state servants was broadly in line with previous lists, though Downing Street said that no official was nominated automatically.

Political honours, however, were distributed at Westminster rather more sparsely than usual.

Mr Roger Freeman, transport minister, and Sir George Young, housing minister, both became privy counsellors, but only two Conservative backbenchers, Mr Ralph Howell and Mr David Knox, received knighthoods.

Among the customary awards to artists and entertainers are the other two life peers: Sir Richard Attenborough, the actor and film director, and Sir Yehudi Menuhin, the violinist and conductor. Miss Thora Hird, the actress, and Miss Muriel Spark, the author, both become Dames.

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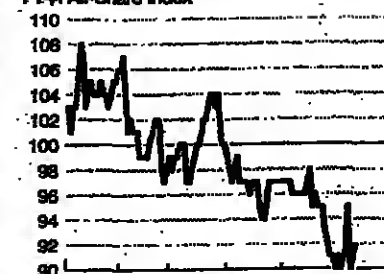
THE LEX COLUMN

Banking on rights

FT-SE Index: 2861.8 (+1.8)

English China Clays

Share price relative to the FT-SE All-Share Index



Source: Datastream

The addition of Calgon undoubtedly makes strategic sense. It broadens ECC's product base while giving Calgon greater access to European markets. But an exit multiple of 24 represents a full price, even though ECC promises the deal will be earnings neutral in its first full year. Thereafter, it may prove tough work squeezing margins higher. Calgon only commands the weak third slot in the US market.

The demerger proposal also makes industrial sense but it is not clear that it will create additional shareholder value. Applying a market multiple to ECC's two divisions individually produces a value somewhat shy of its current share price. Moreover, ECC's markets remain dire with paper makers, in particular, bracing themselves for sharp declines in German demand.

The other niggles about Calgon is its financing. ECC's new shares, yielding more than 7 per cent, represent an expensive means of raising money. Borrowing dollars from the bank would have been cheaper, although this would have pushed up gearing from 24 per cent to 68 per cent. Lower debt will doubtless make life easier when the demerger proceeds. But shareholders may reflect on the last time ECC tapped them for cash in February 1992. Those who subscribed for new shares at 415p had seen them rise by just 1p by Thursday's close.

US economy

Yesterday's US unchanged producer prices index was greeted by some like the relief of Mafeking. The worsening inflation picture had increased speculation that the Federal Reserve was

about to raise interest rates. Yet the much-improved figures also hinted at more good news to come. A spike in food prices has yet to be unwound and tobacco prices actually rose during May, against the trend of the cigarette brand wars. The immediate threat of higher rates has thus receded.

Nevertheless, increased interest rates later in the year are still a possibility, with hints from the Fed suggesting that consumer price inflation remains too high. The Fed chairman, Mr Alan Greenspan, is due to give his regular testimony to Congress next month. If he lays less emphasis on the health of the financial system and more on inflation, that will probably mark an ending of the Fed's easy money policy.

An autumn interest rate increase would, however, coincide with the impact of President Clinton's budget package. That will probably prove quite deflationary, and the risk is that both fiscal and monetary policy will be tightened simultaneously. Growth may thus slow in 1994. While inflation is not low enough to please the Fed, tough conditions may prevent companies widening margins. That will make the strong earnings increases which Wall Street currently expects harder to achieve. Equities are still vulnerable.

The Telegraph

Minority shareholders in The Telegraph may still be smarting over the handling of the company's investment in Southam but they should have less complaint with Mr Conrad Black's diversification into Australia. Following the Australian government's loosening of restrictions on foreign ownership, The Telegraph has spent £23m increasing its stake in the John Fairfax group of newspapers from 15.3 per cent to 18 per cent with an option to buy some more.

Having been laid low by poor management in the 1980s, Fairfax has staged a spirited recovery under new ownership. Its shares have climbed to A\$2.31 from A\$1.38 since their flotation in April 1992 as the group's profitability has revived. At the time of The Telegraph's own flotation, investors grumbled about the low dividend yield given the maturity of the business and its declining customer base. Yet the Fairfax investment may reveal there is greater growth potential than had previously been assumed. Mr Black's idiosyncratic management style can have its bonuses too.

PM tells Tories to stop the squabbling

Continued from Page 1

lined again yesterday, with a renewed row over the prospects of billions of pounds in savings on the social security budget by the end of the century.

Mr Clarke, who this week emphasised his commitment to nurturing the recovery, will also use an important speech in the City to reaffirm the Treasury's

commitment to its 1 to 4 per cent inflation target.

Separately, Sir Norman Fowler, party chairman, said that he wanted to "draw a line" under his deeply personalised row this week with Mr Lamont. He told the Welsh conference the party "sticks by its principles... sticks by its leaders".

That emphasis on unity and loyalty was echoed by senior

ministers at the conference and elsewhere, including Mr Douglas Hurd. The foreign secretary urged Conservatives to reject the notion of "flap and scrap, posture and panic" and to focus on the realities. The party could unite over Europe once the Maastricht treaty had been ratified, he said, and Conservatives could rally behind the European policy set out by Mr Major.

FT WORLD WEATHER

Europe today

In western Europe, it will be quite unstable with at least a few showers and little or no sunshine. Low pressure will move from eastern England towards The Netherlands. Behind the low, there will be a mixture of sunshine and showers with increasing northerly breezes. In Scotland, north easterly breezes will bring drier and cooler air with abundant sunshine. However, in southern England, northern France and Belgium brisk westerly breezes will produce cool and rainy conditions. Further south, there will be some sunshine, but many showers will develop in France and northern Spain. Ahead of the low, Germany will have some sunny periods and just the odd shower. More showers will fall in Denmark, Poland, Hungary and northern Italy. The tropical heat and scattered thunder showers which have been over central Europe will move across the Balkans towards Russia.

Five-day forecast

On Sunday, clearing skies will move from the Atlantic into the UK and France. Strong northerlies will arrive from the North Sea, bringing cooler air and some showers into the Low Countries, northern France and Germany. Early next week, the cool air will invade eastern Europe.

TODAY'S TEMPERATURES

Location	Max	Min	Weather
Abu Dhabi	34	24	sun
Accra	32	24	cloudy
Algiers	28	17	sun
Amsterdam	17	10	showers
Athens	33	23	sun
Bangkok	35	25	thund
Barcelona	23	15	sun
Beijing	29	15	hazy
Belfast	15	10	rain
Belgrade	32	22	fair
Berlin	21	10	showers
Buenos Aires	28	18	sun
Cairo	35	25	sun
Cape Town	17	10	showers
Cardiff	15	10	showers
Chicago	23	13	fair
Cologne	18	10	showers
Copenhagen	17	10	thund
Dakar	28	18	sun
Dallas	18	10	fair
Darwin	34	24	sun
Delhi	38	28	sun
Dubai	44	34	sun
Dublin	15	10	showers
Edinburgh	15	10	fair
Faro	28	18	sun
Frankfurt	21	11	sun
Geneva	20	11	showers
Glasgow	20	11	thund
Hamburg	21	11	fair
Helsinki	21	11	windy
Hong Kong	28	18	cloudy
Honolulu	31	21	thund
Ile of Man	19	10	showers
Istanbul	29	19	sun
Jakarta	31	21	rain
Karachi	38	28	sun
Kuwait	45	35	sun
La Paz	15	05	fair